



NEW LOOK

ANNUAL REPORT AND ACCOUNTS 2012

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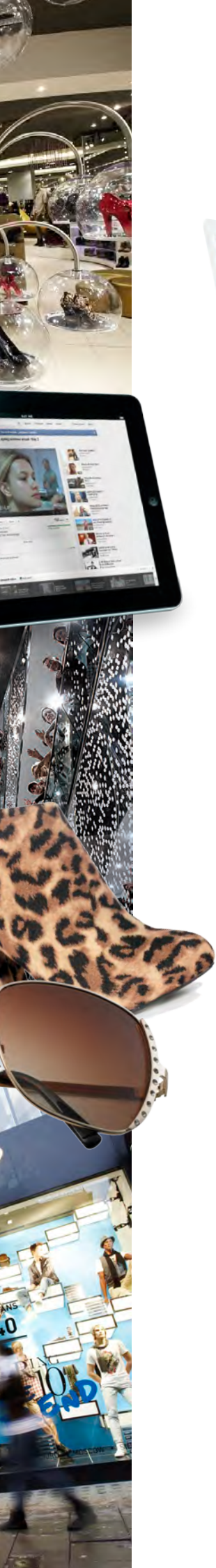
NEW LOOK RETAIL
GROUP LIMITED
(NEW LOOK)

DIRECTORS'
REPORT



OUR BUSINESS TODAY





facebook

1.6 MILLION
FOLLOWERS



MOBILE iAPP
200,000
DOWNLOADS

TODAY WE HAVE OVER 1,100 STORES
ACROSS THE GLOBE

WE ARE THE LARGEST UK RETAILER
(BY VOLUME) FOR WOMEN'S JEANS*

WE ARE THE NO. 2 VALUE RETAILER FOR
WOMEN'S CLOTHING & ACCESSORIES
MARKET IN THE UK*

WE ARE THE NO. 1 VALUE RETAILER FOR
THE UNDER 35s WOMEN'S CLOTHING &
ACCESSORIES MARKET*

WE ARE THE NO. 1 VALUE RETAILER FOR
UNDER 35s WOMEN'S FOOTWEAR*

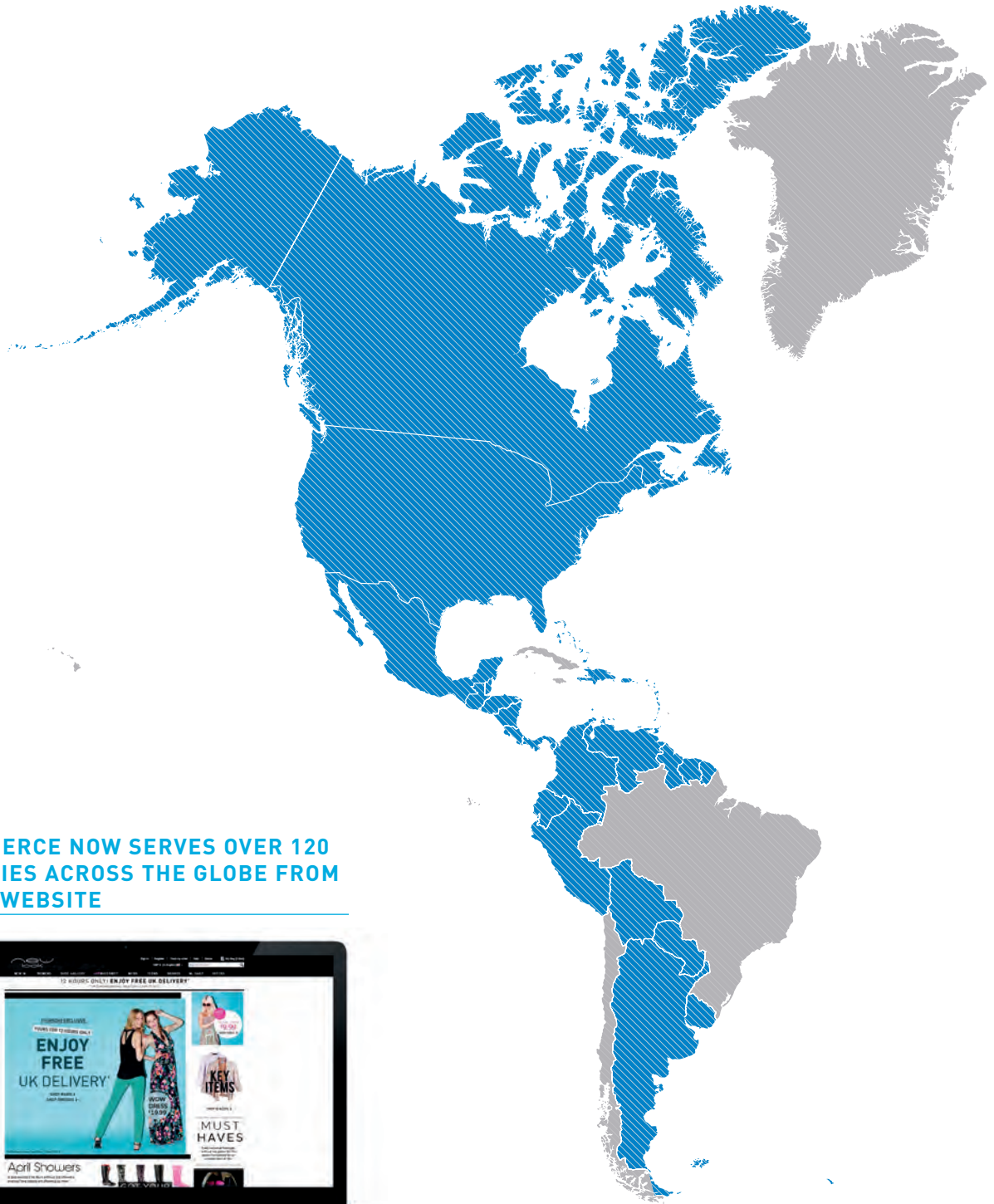
WE ARE NO. 1 IN VALUE FOR
ACCESSORIES IN THE UNDER 35s MARKET*

OUR FRANCHISE BUSINESS NOW
OPERATES IN 103 STORES IN 14 MARKETS

13 MILLION PAIRS OF SHOES WERE
PURCHASED BY OUR CUSTOMERS IN THE UK

* Source: KantarWorldpanel, 52 w/e 18 March 2012

OUR BUSINESS TODAY



E-COMMERCE NOW SERVES OVER 120 COUNTRIES ACROSS THE GLOBE FROM OUR UK WEBSITE



Belgium

New Look stores 12 (2011: 12)
Space 113,000 (2011: 113,000) sq ft
Mim stores 6 (2011: 7)
Space 16,000 (2011: 19,000) sq ft

Malta

Franchise stores 3 (2011: 1)
Space 18,000 (2011: 11,000) sq ft

Poland

Franchise stores 8 (2011: 5)
Space 51,000 (2011: 35,000) sq ft

Serbia

Franchise stores 1 (2011: 0)
Space 3,000 (2011: 0) sq ft

Croatia

Franchise stores 2 (2011: 0)
Space 10,000 (2011: 0) sq ft

Montenegro

Franchise stores 1 (2011: 0)
Space 5,000 (2011: 0) sq ft

Republic of Ireland

New Look stores 29 (2011: 29)
Space 245,000 (2011: 245,000) sq ft

Ukraine

Franchise stores 3 (2011: 2) Space
20,000 (2011: 13,000) sq ft

France

New Look stores 31 (2011: 30)
Space 243,000 (2011: 235,000) sq ft
Mim stores 293 (2011: 293)
Space 634,000 (2011: 637,000) sq ft
Mim affiliate stores 17 (2011: 0)
Space 36,000 (2011: 0) sq ft

Morocco

Franchise stores 1 (2011: 0)
Space 7,000 (2011: 0) sq ft

Romania

Franchise stores 4 (2011: 0)
Space 19,000 (2011: 0) sq ft

United Kingdom

New Look stores 600 (2011: 607)
Space 4,051,000 (2011: 3,985,000) sq ft

Netherlands

New Look stores 8 (2011: 6)
Space 33,000 (2011: 27,000) sq ft

Russia

Franchise stores 20 (2011: 17)
Space 150,000 (2011: 120,000) sq ft

Indonesia

Franchise stores 3
(2011: 0)
Space 14,000
(2011: 0) sq ft

Middle East

Franchise stores 52 (2011: 38)
Total space 353,000 (2011: 321,000)
sq ft

Franchise stores

United Arab Emirates	12
Kuwait	2
Saudi Arabia	33
Bahrain	3
Egypt	2

Singapore

Franchise stores 5
(2011: 4)
Space 29,000
(2011: 26,000) sq ft

Regions with physical stores
E-commerce regions

CHAIRMAN'S STATEMENT



ENHANCING OUR CUSTOMERS EXPERIENCE

NEW LOOK IS A GREAT BRAND AND WE REMAIN RESOLUTE IN DELIVERING THE EXPERIENCE CUSTOMERS DEMAND FROM US TO BE THEIR NUMBER ONE CHOSEN RETAILER.

2011/12 has undoubtedly been a challenging year for New Look as we took action to address issues around our product ranges, pricing architecture and cost base. I'm pleased with the progress that has been made and this has been reflected in an improvement in our financial performance from October, through the second half of the financial year. All of the initiatives, which have driven this improved performance, will also help to drive further improvements in our financial results through the new financial year.

We know that we have not always done a good enough job in some key categories and our price architecture has not always delivered the value customers expect. We've therefore invested some of our gross margin into better pricing and better quality to reinforce our value credentials. We've seen encouraging reactions to our Spring/Summer 2012 range in the UK and overseas as a result of these actions taken last autumn.

We've tightened inventory further and will continue to exploit short lead times to improve our buying decisions and help mitigate inherent fashion risk. This should allow us to reduce our markdown and improve gross margin.

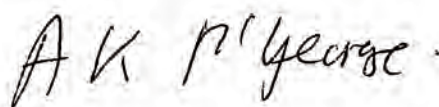
Customer experience remains at the heart of everything we do. We need to give customers the experience they expect whether they are shopping in store or online. Our new Concept store refurbishment programme is designed to enhance the experience in store, making the store easier and more pleasurable to shop. The results from the Concept stores are very encouraging both in terms of customer feedback and enhanced sales performance. We will aim to match this experience for our customers online so that the customer experience is consistent across all channels. This will be a key focus for us over the coming years.

We have also been addressing more fundamental, structural issues, impacting the whole of the Retail Sector. The growth in E-Commerce has meant that retailers can no longer rely on opening more space to drive

growth, now it's a case of having an efficient multi-channel model that incorporates the optimum number of stores in the right locations with the right cost dynamics. We also need to ensure we have a strong brand and a distinctive proposition that generates improved customer loyalty. Underpinning this, managing operations and costs to generate maximum efficiency and flexibility will continue to be essential.

Ultimately, New Look's future is dependent on its people; it's their commitment and hard work that drive the Group further towards reaching its goals. However, hard work alone is not enough. We need to have inspirational leaders with the right blend of skills and experience, supported by the right tools, procedures and policies to execute their jobs effectively. As such I have made a number of key leadership changes over the last year and made some important changes to operating procedures in order to achieve this. We also need to empower our store staff more and ensure that we put those that serve customers at the heart of the business. I'd like to express my sincere thanks to all of our staff for their dedication, commitment and hard work during a very difficult trading environment.

With a challenging macro-economic environment and low consumer confidence, more than ever we need to give the customer a reason to choose New Look every time they want to shop. Our mission is to deliver exciting, authoritative, appealing fashion, at the right price every time, and across whichever channel is most convenient to our customers. This is the key to our future success.



ALISTAIR M'GEORGE
EXECUTIVE CHAIRMAN

YEAR IN REVIEW

NEW LOOK HAS CONTINUED TO INVEST IN INCREASING THE WAYS CUSTOMERS CAN SHOP WITH US, WHETHER ONLINE OR IN-STORE, BOTH IN THE UK AND OVERSEAS. AT THE SAME TIME WE ARE ENHANCING OUR CUSTOMERS EXPERIENCE. WE ARE PROUD OF THE BRAND AND NEED TO DO A BETTER JOB AT REMINDING THE CUSTOMER WHY THEY SHOULD CHOOSE TO SHOP AT NEW LOOK.

New Look has responded to a difficult retail trading environment and implemented the necessary actions to address the impact of the fall in the EBITDA performance in the first half of the year, with positive EBITDA growth in the second half. Although EBITDA fell year-on-year the positive actions taken by the Group to tighten the cost base have helped lead to a positive cash position of £212.3 million at year end (2011: £191.4 million).

GROUP PERFORMANCE

The Group has now completed its second full year with key functions such as Buying, Merchandising and Design (BMD) based in London after the move from Weymouth in 2009. BMD have re-vitalised product ranges and we're now seeing the benefits come through in performance. Autumn/Winter 2011 delivered a stronger performance despite a slow

start due to unseasonable weather patterns at the launch of the new range. A good Christmas trading period (5 week period +3.4% ex VAT) LFL and strong stock clearance during the post Christmas sales left the Group in one of the cleanest stock positions for a number of years.

We've had encouraging early indications that the Spring/Summer 2012 range has been well received by customers' in-store and online.

A key element of our recovery actions has been cost reductions. During FY12 we delivered c£60 million savings with a further c£30 million full year effect to be realised in FY13. These savings came from a detailed review of payroll scheduling, a new purchase order system, internal cost benchmarking, head office re-structure and the re-negotiation of key contracts across the business.



THE MARKETPLACE

The retail sector remains under immense pressure, driven by the ongoing squeeze on consumer disposable income. Whilst there's always an element of fixed expenditure on clothing, the discretionary spending capacity of the consumer has been diminished through a number of factors including: job losses, inflationary pressure (fuel, household costs, etc) and a higher propensity to save due to worries about the wider negative macro environment highlighted by the European debt crisis, UK summer riots and public sector austerity measures.

Despite the benefits of falling cotton prices since last year, ongoing pressures from wage inflation in China and other supply chain costs are likely to constrain growth in gross margin particularly against the backdrop of a very price sensitive retail environment.

KEY ACHIEVEMENTS IN FY12

During FY12 the Group achieved a number of key milestones. We re-gained lost market share to hold the No. 2 position in women's clothing and accessories by value*, re-launched the Kelly Brook ranges, launched the 'Style the Nation' television show and strengthened our brand in the marketplace through our focus on Presentation, Product and Price. Another key milestone was the commencement of construction on our new Weymouth office that has been 5 years in the planning with expected completion in late 2012.

*Kantar Worldpanel: 52 w/e 18 March 2012

We've continued the construction of our new third Distribution Centre in Lymedale which is due to open in late FY13 which will bring our online business in house and help drive greater economies of scale.

SPACE

Following a detailed strategic review of the future of the UK high street we have re-assessed our strategy for UK space growth. Whilst we continue to be opportunistic with potential new locations or relocations, we also recognise that customers have an increasing appetite to shop online and this will have a direct impact on the number of shops required. Consequently we are removing duplicate stores with overlapping catchment areas and rigorously challenging lease terms upon expiry.

We've trialled two successful new Concept stores in High Wycombe and Nottingham during FY12 and following some very encouraging results we are now planning to launch a roll out across our store estate with an initial 120 stores in the coming financial year. Overall we have realigned our strategy to invest in a refurbishment programme through the new Concept store strategy rather than store expansion and continue to see further development of this strategy over the next 4 years.



YEAR IN REVIEW

PRODUCT

New Look retained its No. 2 position in the UK women's clothing and accessories market (by value)*. The current casual wear trend has supported core womenswear performance with key trends including: coloured denim, quilted jackets, chiffon tops, wide leg trousers and tunic dresses. This focus will allow us to build on previous strengths and new opportunities. As a result additional floor space has been created by the removal of Kidswear and Tall ranges from store and the reduction of concession space. Tall remains online. Lingerie, nightwear and swimwear had a fantastic year and now represent 3.9% of New Look sales. Exciting marketing collaborations and additional press coverage of the Kelly Brook range have underpinned this performance.

Our marketing strategy has been strengthened through improved visual merchandising principles, customer friendly layouts, modernised point-of-sale graphics, and more aspirational photography, new graphics supporting Label Lounge (fast fashion branded products that are the latest high street trend) and improved window schemes across the store portfolio.

New Look's corporate sales of gift cards and vouchers in the business-to-business space continue to go from strength to strength with growth of 28% in FY12, demonstrating a strong and growing demand. New Look now has a compelling corporate offer in the UK, Ireland, France, Belgium and Netherlands.

* Source: KantarWorldpanel, 52 w/e 18 March 2012



MORE WAYS TO SHOP



CLICK & COLLECT



ORDER IN STORE



MOBILE



ONLINE



IN STORE



MULTI-CHANNEL

Our online presence continued to grow with the launch of new initiatives including: Click and Collect, Order in Store with home delivery, and a specific mobile site with web optimised functionality for smart phones. We also introduced Euros as a tender type to meet the increasing demand of the international customer. We launched online brands offering in excess of 110 third party brands from up and coming to more established brands across womens, mens, teens and kids. Our Facebook page continues to go from strength to strength and now has over 1.6 million fans, driven by successful initiatives including Star Style competition and Kelly Brook's appearance at the Edinburgh store opening. In February alone we had a record week gaining over 100,000 new fans with the New Look page being recommended on Discover Facebook, their new initiative.



YEAR IN REVIEW



INTERNATIONAL DEVELOPMENT

Our International business now represents an increasingly substantial part of the Group – with the New Look brand reaching 80 directly managed stores in Western Europe (Eire, France, Belgium, Netherlands), and 103 partnership stores across 14 markets by year end, and the Mim brand in France and Belgium reaching 316 stores.

The Franchise business had a very successful year, beating its budget, increasing store numbers by 54% and entering 4 new major market clusters with new partners in Indonesia, the Balkans (first store in Montenegro followed by Serbia and Croatia), North Africa (Morocco), and South East Europe (Romania).

New Look International (the directly-managed stores in Western Europe) suffered from the very depressed consumer demand in those markets. However, underlying appetite for the brand continues to be strong with a number of the European stores regularly featuring in the Group's weekly Top 10 list of stores.

The Mim business has also felt the effect of the depressed markets in France and Belgium. However, the business has gained market share and has successfully launched expansion into Retail Parks via an affiliate model.

Going forward, the Franchise business will continue to drive scale through its existing partners and markets and is also planning to build on its successful experience and expertise to date to enter a small number of markets with very significant medium to long term potential – in particular China. The New Look International and MIM businesses will focus on driving profitability through the times of subdued consumer demand to ensure a strong base from which future growth can be built as markets recover.



look
STYLE
THE NATION

NL daily

HERE COME THE BUMS! #NEWLOOK
DENIM FROM €11.99



INVESTMENT IN BRAND

The New Look brand is well known amongst our key target market. One of our core challenges is ensuring we continue to develop and expand our brand awareness across our core customer base. FY12 has seen a number of key initiatives to achieve this challenge. A major strategy was initiating a TV advertising campaign for the 100 days of summer that ran for 6 weeks in June/July highlighting the key looks and products from our Spring/Summer collection.

This was followed by a collaboration with Channel 4 who produced New Look Style the Nation, where the winner of the series was able to join New Look and work as a stylist for a year. Our digital hub, daily.newlook.com, continues to work well co-ordinating our online content and delivering daily fashion bites our customers love.

OUTLOOK FOR 2013

We envisage that the economic headwinds we faced during FY12 will remain with us at least through the first half of FY13. Consumer confidence remains low, there are high levels of uncertainty around the Eurozone, increasing unemployment rates, higher domestic bills and lower disposable income. All of these factors contribute to a difficult trading environment continuing. We therefore remain cautious about the outlook. However, with the actions we've taken to address our product, brand, stores and costs, we are confident in our ability to grow EBITDA.



CORPORATE RESPONSIBILITY

OPERATING IN A SUSTAINABLE MANNER IS CENTRAL TO THE WAY WE CONDUCT BUSINESS AT NEW LOOK. WE HAVE STRONG SUSTAINABLE PARTNERSHIPS WITH OUR SUPPLIERS AND EXTERNAL EXPERTS TO INTEGRATE CONSIDERATIONS FOR PEOPLE AND THE PLANET INTO OUR BUSINESS.

RESPONSIBLE SOURCING

We're passionate about sourcing our products in a fair and responsible manner. All our suppliers are required to sign up to our 'Ethical Sourcing Aims' and our ethical teams around the world work closely with suppliers to improve factory conditions and reduce environmental impact.

We believe that a strong supply base needs to be made up of great businesses who in turn provide good jobs. This year we've prioritised working with ethical experts, non-governmental organisations (NGOs), and other retailers to improve management at our factories and deliver better job quality. We've grown our team by 3, enabling us to increase the number of factories we are working with by 27%, to 720. Our external partners include:

- Ethical Trading Initiative (ETI) - As a leading member of the ETI, we're committed to supporting our suppliers to provide good quality jobs for workers making our products.
- Impactt - One of the world's leading ethical trade advisory groups, Impactt has worked closely with New Look for 14 years providing field expertise and strategic direction.
- Business for Social Responsibility (BSR) - we work closely with BSR teams to integrate environmental sustainability into our supply chain strategy.
- Better Factories Cambodia (BFC) - we work closely with the International Labour Organisation (ILO) programme, Better Factories Cambodia, to understand and tackle ethical issues in Cambodia.

- Department For International Development (DFID) - in collaboration with the DFID, five other UK retailers, Impactt and Rajesh Bheda Consulting, we're implementing factory development projects in India and Bangladesh, focussed on improving job quality and wages.
- International Finance Corporation (IFC) - we're working with the IFC to develop an environmental best practice factory in Bangladesh.

SUPPLIER MONITORING AND AUDITING PROGRAMME

We monitor factories through a mixture of independent third-party audits and second-party audits carried out by our suppliers and our own teams as we recognise that different types of audits have different strengths. We've up-skilled our own staff and key suppliers' ethical teams to improve their ability to access worker views and map issues deeper down into supply chains. This year our suppliers have conducted 135 factory audits while our own staff have conducted over 200 visits. The visits enable us to develop a clear understanding of problems and their root causes. We found that just over half the issues discovered are to do with health and safety. Other key areas are pay and working hours. Making progress can take some time - over the last year we were able to action 39% of issues found and we have prioritised project work and training on the basis of key issues found in our supply chain.



PROJECT WORK & CAPACITY BUILDING

New Look Factory Improvement Programme

Since 2007 we've been working with our key Bangladesh supplier on developing a model ethical factory. We worked with the factory on productivity and HR improvements, controlling working hours and increasing pay and bonuses. Building on our ethical factory work, we've now expanded our 'Factory Improvement Programme' to include 8 factories across India and Bangladesh including a collaborative RAGS project with 5 other leading retailers supported by the Department of International Development which will reach 110 factories over the next year.

We're pleased to see very encouraging results from the first phase of the programme, where factories have achieved significant improvements in the areas of productivity, absenteeism and turnover. We're particularly pleased by the shift in the way of thinking of some factory owners.

Training For Management & Workers

Throughout FY12 we conducted a number of different training programmes and seminars with our global supply base, including:

- Age Verification Training in China
- Workers Rights Training in Bangladesh
- Supervisor Skills Training in Bangladesh
- Management Skills Training in Bangladesh
- Health & Safety Awareness Training in Turkey
- Health & Safety and Supervisor Training in India

The priorities for this year's training sessions have been to raise health and safety awareness, improve management-worker relationships, and improve age-verification and right-to-work systems. We'll be continuing to develop training programmes based on up-to-date priorities during 2012.

Banking for the poor

We're helping our key Indian factories to partner with Geosansar, an organisation providing banking services to the poor, supporting workers to open bank accounts and giving them the option of being paid direct into their accounts, rather than being paid in cash, helping ensure they receive all the money they are owed, enabling them to save and send money home safely. Geosansar opens kiosks at factories and residential locations so that workers can access banking services easily and immediately.

Supporting a Better Deal for Homeworkers

We continue to work in partnership with SEWA (Self-Employed Women's Association) Delhi, an organisation empowering homeworkers. SEWA negotiates piece rates and timelines with factories and supports homeworkers through quality control and skills training. During 2011 we worked with our main Indian supplier to place a constant volume of orders with SEWA and in spring 2011 we launched a range of SEWA-labelled garments onto the UK high street. This is hugely important for the women since stable orders provide a stable income.

Factory Environmental Programme

This year we introduced a 'Factory Environmental Programme' to support supplier environmental sustainability. We developed our first environmental assessment programme and trialled this in 5 factories in Bangladesh during the year. In 2012 we'll roll this out across key factories in Bangladesh and China. As part of this programme, we're developing an energy efficiency guide for garment factories in collaboration with 9 global retail brands scheduled for launch in May 2012.

Cleaner Production Programme

In 2011 New Look teamed up with the International Finance Corporation and sustainable fashion experts Made-By to join their Cleaner Production Programme in Bangladesh. Working with our best practice factory in Bangladesh we've identified ways to reduce energy, waste and water use at the factory. We're hoping to see the results in the summer of 2012.

ANIMAL WELFARE

At New Look we believe that it's never acceptable to harm animals in the manufacturing or testing of our products and for this reason we developed an animal welfare policy to cover all products retailed by us. We were nominated for the large fashion company award at the 2011 RSPCA Good Business Awards, winners in 2010 and highly commended in 2009.

ENVIRONMENT

We recognise the importance of building a sustainable future for our customers and have focussed on maximising the efficiency of our own store operations in the areas of energy and waste.

ENERGY & CLIMATE CHANGE

We're aware of the risks posed to our customers and our long term business sustainability through human-induced climate change. During the year

we have continued to improve the energy efficiency of our stores in the UK and Eire through some important initiatives:

- Through the Building Management Systems (BMS) installed in over 212 stores in the UK and Eire we've saved over 11.7 million kWh – over 6,300 tonnes of CO2 emissions when compared with the same store electricity consumption for the previous financial year. These savings have been achieved by improving energy efficiency through the use of store lighting and air conditioning systems.
- Store staff behaviour changes have saved over 5.3 million kWh – over 2,800 tonnes of CO2 by lowering overnight wastage lighting compared with the previous financial year.

During the financial year we measured and reported on our carbon footprint through the Government's Carbon Reduction Commitment Scheme. We used a total of 77,936 tonnes of CO2 in the financial year 2010-11, and ranked 589th out of 2,103 participants.

WASTE & RECYCLING

Reducing waste and increasing operational recycling rates represents the clearest and most tangible way for us to reduce our immediate environmental impacts. We've been working hard to reduce the amount of waste sent to landfill from our offices and stores in the UK. During 2011 we recycled 71% of all waste from our UK stores, up from 64% in 2010. In addition to improving store recycling rates, we continued to push our waste backhauling programme, via our UK distribution centre's on-site recycling centre. In the same period we recycled a total of 4,195 tonnes (2011: 3,676 tonnes) of cardboard and plastic, generating additional revenue of £394,775 (2011: £277,925) for the business.

COMMUNITY GIVING

The New Look Foundation has been running since September 2009 with the mission: "to educate, inspire and empower people to feel good about themselves, to live life to the full and make smart choices for themselves and those close to them."

Our Foundation is funded mostly through the proceeds from the sale of specifically designed charity products sold in-store, as well as payroll giving, Pay Day lottery which launched in January 2011, along with fundraising and donations in-store and around our offices.

Money raised for the New Look Foundation is shared amongst our charity partners who we've been supporting since April 2010: b-eat (beating eating disorders), Macmillan (cancer support) and Whizz-Kidz (overcoming disabilities), donations to good

causes local to our stores and offices and disaster relief appeals.

From April 2011 to March 2012 we raised the following:

- £38,071 for our Foundation;
- £94,212 for our three charity partners through staff fundraising activity, direct donations and charity product sold in-store; and
- 357 of our people are currently subscribed to Payroll Giving and donated £22,870 to 376 charities.

We have also given £2.7 million (2011: £2.6 million) worth of clothing to various causes including the New Life Foundation.

Donations have been made primarily to our 3 main charity partners Macmillan, b-eat and Whizz Kidz as well as over £40,000 donated to Retail Trust in exchange for their Employee Assistance Programme and local charities close to our staff's hearts.

In FY11 we raised £472,817.

OUR COLLEAGUES

Our commitment to our people is in supporting them to deliver their part in our growth and enable them to build their skills and career with us.

COLLEAGUE ENGAGEMENT

The Group systematically provides colleagues with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. Staff involvement in the Group is encouraged to achieve a common awareness of the financial and economic factors that affect the Group's performance.

ATTRACTING TALENT

New Look is an attractive employer with competitive remuneration packages.

We recruit natural 'New Lookers' – people who are customer champions, have a passion for fashion, who are curious, go-getting and self-starting.

EQUAL OPPORTUNITIES

We ensure that no job applicant or colleague is discriminated against, either directly or indirectly, on the grounds of disability, gender, nationality, ethnic or racial origins, marital status, religious belief, political opinion, age or sexual orientation. It is the policy of the Group to give equal opportunity of employment to disabled and able persons according to their suitability to perform the work required. The services of existing colleagues who become disabled are retained whenever practicable.

RISK AND UNCERTAINTIES

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

RISK TYPE	DESCRIPTION OF RISK	RISK MITIGATION
Adverse economic climate	Consistent fall in our customer spending as a result of the economic downturn. Uncertainty over international economic climate.	• The latest independent market information is reflected in our internal plans and forecasts. • Adapting to the changes in core customers' disposable income, through the delivery of a great product range (fashion, value and newness) at competitive prices. • Contingency planning is regularly reviewed as part of the overall market assessment.
Product design and proposition	Fast fashion at great prices is essential to the success of the Group. It is important to quickly respond to changing customer preferences and trends.	• Stronger integration of buyers and designers working closely with suppliers. • Robust and transparent process for trialling and evaluating emerging trends / reviewing feedback mechanisms. • Further development of sourcing strategy will deliver shorter lead times on the most wanted product.
Management team	Departure of key personnel and failure to attract or retain talent. Lack of leadership at all levels to deliver the key business strategies.	• Regular reviews of management structure to ensure capability and succession. • There are regular, effective performance review, benchmarking and leadership assessments in place. • The Remuneration Committee ensures that appropriate incentive plans are in place.
Sourcing strategy	Lack of speed and flexibility in the supply chain leads to greater risk in product buying decisions and ultimately higher markdowns.	• Sourcing team strengthened and given more responsibility for ensuring an efficient and effective supply chain. • Suppliers treated as key business partners and so work to shared objectives such as reduced lead times. • Regular review of territories from which product is sourced.
IT systems and business continuity	Inability of systems to process core transactional data and to provide key decision making reporting.	• Investment in new and ongoing IT systems are part of the business strategy. • Back-up procedures in place to deal with any short-term or specific loss of data. • Business continuity plan in place to deal with any serious incident or loss of systems capability.

RISK MANAGEMENT

To support operational management, the Board has created a practical framework, which is set out in its Risk Management Policy, to provide a consistent method for managing risk across the Group and so ensure that 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 as to the management of risk and ensuring that it is integrated into everything that we do and all important decisions that we take. It is 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 that this review of risk is carried out in an effective and timely manner. The following tables identify the most significant risks identified by the Board.

RISK TYPE	DESCRIPTION OF RISK	RISK MITIGATION
Credit risk and liquidity	The Group's level of indebtedness, tough financial markets and exposure to interest rate volatility could constrain the business and its ability to grow.	- Regular review of the Group's current debt position and potential interest rate exposure. - Weekly cash flow forecasting and quarterly covenant reporting. Detailed covenant modelling is in place to support the planning cycle. - Treasury policy is in place which aims to hedge interest rates over the medium term.
International expansion	Tough international economic climate. Failure to grow the international business successfully through franchise operations, wholly-owned businesses and e-commerce.	- Strong relationships developed with the key franchise stakeholders. - Clear focus on best territories for future growth plus best trading model for country and cultural fit with the New Look brand. - Product ranges selected and developed which are relevant to the different markets.
Multi-channel	Failure to meet customer expectations across all channels will undermine our multi-channel proposition.	- Detailed review of all channels to ensure that they consistently meet customer expectations. - Ensure appropriate model is rolled out in international territories. - Bring fulfilment operation in-house.
Warehousing and distribution	Inability to maintain the infrastructure to support a growing international multi-channel fast fashion business plus the ability to recover from a major incident.	- Enhancement of the purpose-built site at Lymedale to cope with the growth of the business. - Business continuity plans developed for all locations in the Group. - Establishment of consolidation centres throughout the world to improve the speed of delivery to international markets.
Business strategy development and implementation	Adopting the right business strategy in a very difficult consumer market (both Home and International) is critical to the success of the business.	- The wider economic and industry-specific trends that affect the Group are regularly reviewed. - The annual budget and 5 year planning process identifies the key drivers to increasing sales and EBITDA. - Monthly measures are in place to measure performance against the key attributes of the business strategy.

FINANCIAL REVIEW

FY12 HAS BEEN A CHALLENGING YEAR. HOWEVER, ACTIONS TAKEN THROUGHOUT THE YEAR ARE NOW EVIDENT IN OUR FINANCIAL PERFORMANCE WITH THE SECOND HALF SHOWING A POSITIVE MOVEMENT VERSES THE SECOND HALF OF THE PRIOR YEAR. CASH GENERATION HAS REMAINED STRONG, DRIVEN BY A RIGOROUS FOCUS ON COSTS AND WORKING CAPITAL. THIS HAS ENABLED THE GROUP TO FINISH THE YEAR WITH £212.3 MILLION OF CASH DESPITE THE CHALLENGING TRADING ENVIRONMENT.

REVENUE

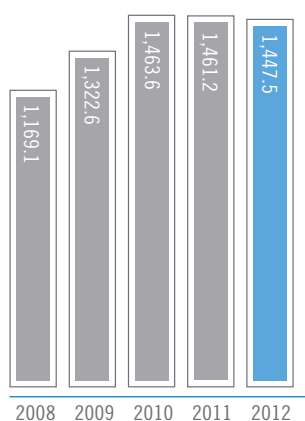
Strong growth in our multi-channel business complemented additional revenue from new stores but this was offset by a revenue decline from the existing store base. A 5.9% decline in Group LFL sales has stemmed from both external economic factors but also internal issues now being addressed.

The economic backdrop has remained challenging with customer confidence and footfall depressed, rising unemployment (particularly in our core target market of 18 to 24 year olds), low growth in wages, higher UK VAT and general inflationary pressures all contributing to a decrease in customers discretionary spend. Consequently we decided not to pass on the full impact of our own input cost rises from soaring cotton prices and overseas wage inflation to ensure that we maintained our value proposition to customers. Customers focus on value and special 'deals' has been greater than ever before, with promotional activity in the run up to Christmas being particularly pronounced.

We have also had a number of internal factors that have affected performance. Inconsistent ranging, pricing and quality in certain key categories have been identified, impacting on our appeal to our wider customer base. These issues are being addressed, supported by key leadership changes made during the year.

TOTAL REVENUE * £m

£1,447.5m
-0.9%



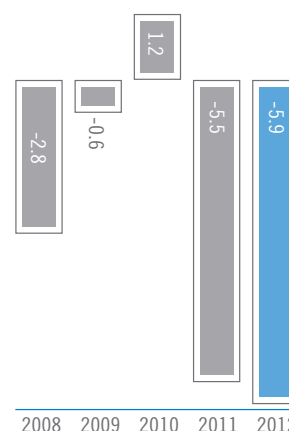
LFL SALES

Group LFL sales were down -5.9%, reflecting a similar result for the UK. At 77.6% of Group revenues the UK inevitably has a significant impact on the Group LFL performance. UK LFL sales were -5.7%.

Whilst Europe continues to be impacted by the ongoing debt crisis, further afield our franchise business continues to grow strongly with reported partner sales growing by 36.7% (and 9.5% on a LFL basis).

GROUP LFL SALES* %

-5.9%



The Group computes its LFL store sales (excluding VAT or local equivalent) in local currencies. The total Group LFL store sales have been calculated on a constant currency basis. LFL stores are defined as own stores that have traded for more than 52 weeks, excluding existing stores where a new Group store has opened within one mile (for the first 52 weeks of the new stores commencement of trading) or where the store has undergone a significant increase or decrease in trading space during the period. Sales are defined as gross transactional value; see note 5 of the Group financial statements.

* All metrics in this Financial Review represent the Group's Key Performance Indicators.

SPACE

Group space increased by 4.6% from 5,787k sq ft to 6,051k sq ft in FY12, with average store space remaining at 5.5k sq ft. Significantly 74.9% of this space growth arose outside of the UK as we seek to expand our international presence. Following a detailed strategic review of the future of the UK high street we have re-assessed our strategy for UK space growth. Whilst we continue to be opportunistic with potential new locations or relocations, we also recognise that customers have an increasing appetite to shop online and this will have a direct impact on the number of shops required. We are therefore rigorously challenging lease terms upon expiry and this has resulted in 17 leases not being renewed this year and similar termination rates anticipated over the coming years.

During the year the Group has opened 48 stores (2011: 40 stores) including 36 Franchise stores (2011: 18 Franchise stores) across 14 countries, giving us a total of 103 (2011: 67) franchise stores by the end of the year. This included entering new markets in Croatia, Morocco, Romania, Montenegro, Serbia, and Indonesia with a great response from both our customers and the local press.

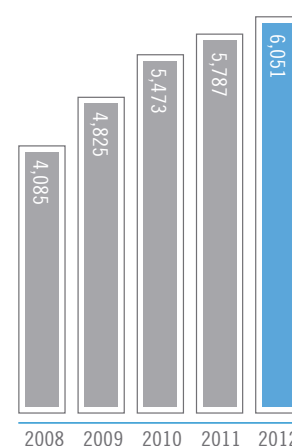
Trading in own stores in some of our European markets remains challenging, most notably in France, Belgium and Ireland, which have been strongly impacted by the economic downturn. We have seen some individual stores performing strongly and will use this experience to re-balance the portfolio over time. This should drive improvements in profitability over the next few years.

To improve our store environment and the customer experience we have embarked on a refurbishment store trial, which launched in High Wycombe last December. The trial or 'Concept' store seeks to enhance customer experience through better use of visual merchandising techniques, improving navigation and upgrading of changing rooms. The initial trial store has outperformed expectations with our second Concept store in Nottingham also showing encouraging results. We expect circa 120 stores to be refitted in FY13 as part of this significant refurbishment programme with the entire estate refitted by FY17.

SPACE*

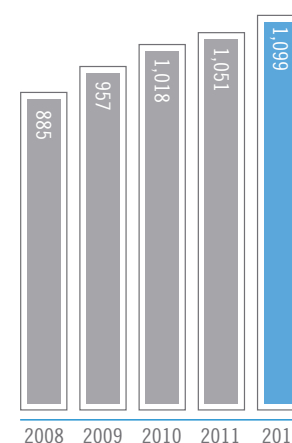
'000 sq ft

6,051 sq ft
+4.6%



TOTAL STORES*

1,099
+48



MULTI-CHANNEL DEVELOPMENTS

Our multi-channel business continues to grow, with New Look having a presence in over 120 countries, reaching destinations in Asia, Central and South America, Africa and the Middle East. This year has seen significant investment in functionality, people and increasing the 'Ways to Shop' with New Look through the launch of a next generation web enabled platform, 'Order-in-Store' (OIS) for delivery to home and 'Click & Collect' in-store.

We have also continued to expand third party brands to complement our online ranges and help drive site traffic, hit rates and increase spend. We now have 112 third party brands (2011: nil) representing 15.2% of our online offer at the end of FY12.

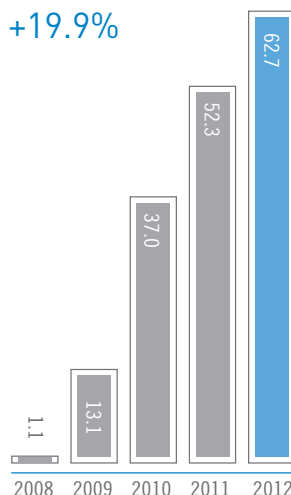
Whilst our multi-channel business continues to grow strongly at 19.9%, it still only represents 4.3% of Group sales. We believe we will double this by building on the various multi-channel launches during the third quarter of FY12 and improving the end-to-end customer experience.

ONLINE SALES *

£m

£62.7m

+19.9%



GROSS MARGIN

Gross margin has fallen by 3.0% points to 50.9% in FY12 in part due to an investment in pricing, to ensure we maintain our value proposition despite rising input cost, and also due to a higher than planned level of markdown spend. To maintain our value proposition to customers we re-balanced our price architecture and invested in lead-in price points despite significant inflationary pressures during FY12, including price increases in cotton, as well as fuel rises and overseas wage inflation (e.g. China). Closer to home, the tough trading environment and poor product performance, driven in part by the milder Autumn/Winter led to the UK high street going on sale earlier and more aggressively, resulting in higher levels of markdown and promotional discount spend than planned.

Our decision to hold Autumn/Winter 2011 stock tighter ensured we cleared through terminal stock and enabled us to quickly return to a full price trading stance, whilst the UK high street remained on Sale beyond the traditional January Sales period. Product range improvements, price architecture and leveraging our supply chain will all contribute to improving our markdown and promotional discounts spend and therefore drive gross margin improvements next year.

ADJUSTED EBITDA

The challenging trading environment both in the UK and Europe, together with some key product under-performance have continued to impact on Group adjusted EBITDA which fell to £146.6 million (2011: £190.2 million).

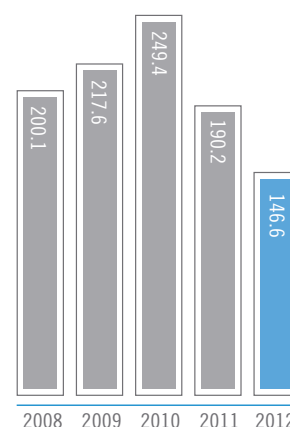
We have stepped up our focus on costs encouraging all staff to 'treat every pound as their own'. This has led to some innovative ideas and a greater collaboration with colleagues to ensure we work smarter as we seek to adapt the cost base to mitigate the slowdown in the Group's revenue growth. The last twelve months (LTM) EBITDA has improved since October 2011, reflecting a stronger H2.

ADJUSTED EBITDA *

£m

£146.6m

-22.9%



Adjusted EBITDA, a non-IFRS measure, is calculated as the Group's underlying operating profit before depreciation of tangible fixed assets, amortisation of intangible fixed assets and the income statement charge in relation to the Group's onerous lease provision.

UNDERLYING OPERATING PROFIT

Depreciation and amortisation charges decreased from £84.9 million to £76.5 million for the Group due to a slow down in new UK store acquisitions.

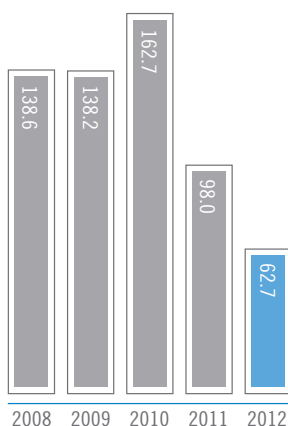
The Group has been actively working on reducing the number of non-trading stores through reassignment of leases and by relocating stores only upon lease expiry or with back-to-back agreements with the same landlord. The charge for the onerous lease provision is £7.4 million (2011: £7.3 million).

The underlying operating profit for the Group has decreased by £35.3 million to £62.7 million in FY12.

UNDERLYING OPERATING PROFIT *

£m

£62.7m
-36.5%



Underlying operating profit is a non-IFRS measure, and is calculated on page 36 of the consolidated financial statements.

PRE-TAX LOSS

Net interest costs increased by £5.3 million to £103.8 million as a result of an increase in the capitalised interest on the Payment-in-Kind ("PIK") debt which increased by £7.3 million year-on-year. Average Libor rates were slightly higher than last year causing a further increase in interest costs. The increase was offset by scheduled

debt repayments made during the year of £26.0 million (2011: £39.9 million).

An exceptional charge amounting to £12.0 million has been recognised as part of the delivery of our review of costs across the business and ensuring that we re-set the cost base in line with our current trading performance, without jeopardising our future strategic growth plans. The results for the Group for FY12 show a pre-tax loss of £54.5 million (2011: £nil).

CASH GENERATION

Overall the Group's closing cash balance improved by £20.9 million to £212.3 million (2011: £191.4 million) as the Group continues to turn profit to cash.

The Group continues to be strongly cash generative, helped by actions taken to tighten costs and working capital this year. We have outperformed our budgeted cost reduction programme throughout the year, and expect to see the 'full year effect' of these savings flow through into FY13.

We have held stock tightly at £132.7 million (2011: £149.5 million) despite space growth of 4.6% and inflation. Holding stock tighter will enable us to better manage our Open-To-Buy, to have clearer visibility of trends, to reduce markdown and ultimately to leverage our supply chain more effectively, giving us greater flexibility.

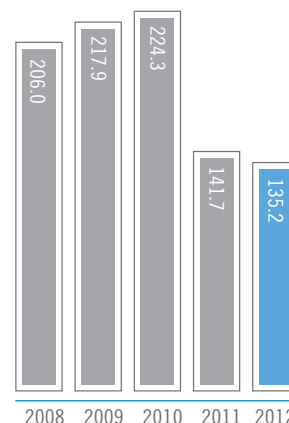
We have also continued to re-focus our investment on our multi-channel and franchise businesses rather than High Street shops. This year we closed 17 (2011: 3 stores) and we continue to monitor underperforming stores.

Scheduled debt payments of £26.0 million relating to Tranche A senior debt were made in the year (2011: £39.9 million).

CASH GENERATION *

£m

£135.2m
-4.6%



Cash generation is a non-IFRS measure which is calculated as the Group's net cash from operating activities. The Directors believe that cash generation assists in understanding the trading performance of the Group as it represents the amount of cash generated after tax by the Group's trading activities.

NET DEBT

Group net debt increased to £1,090.6 million (2011: £1,070.1 million) in the year. The year end debt position includes £717.1 million (2011: £650.6 million) of PIK debt where there is no cash payment for the interest, with the interest due being rolled into the outstanding debt position.

The Group continues to drive positive cash flows after servicing its debt and meets all of its debt covenant requirements. Management monitors the Group's total debt continuously and regularly considers options for improving its profile. There are no material debt maturities due before 2013. No dividend has been paid or proposed in the year (2011: £nil).

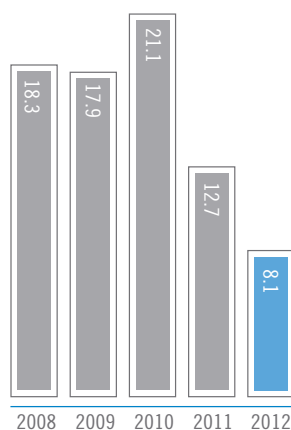
FINANCIAL REVIEW

ROCE

The decline in ROCE to 8.1% reflects the decrease in underlying operating profit as average capital employed remains similar year-on-year.

ROCE *
%

8.1%



ROCE is our Return on Capital Employed, which is calculated as underlying operating profit divided by average capital employed (net liabilities less financial liabilities and cash & cash equivalents), none of which is an IFRS measure.

- continuing our cost reduction programme;
- investing in customer experience through our Concept store programme and online enhancements; and
- expanding our international presence through our International Partnerships.

ALASTAIR MILLER
CHIEF FINANCIAL OFFICER

CURRENT YEAR TRADING

Looking ahead, we remain cautious about the strength of consumer confidence over the next 6 months and thereafter given the uncertain economic outlook. Our four main areas of focus for the coming year are:

- significantly reducing the level of markdown as we continue to hold stock levels tight, underpinned by improving the speed of our supply chain;



GOVERNANCE

BOARD OF DIRECTORS

THE BOARD OF DIRECTORS: A WEALTH OF KNOWLEDGE AND INDUSTRY EXPERIENCE



Alistair McGeorge,
Executive Chairman

Alistair McGeorge was most recently Chief Executive of Matalan, the value retail chain, a post held for almost four years until November 2010. At Matalan, Alistair was responsible for transforming the look and feel of the stores and improving operational efficiency. This resulted in a significant improvement in financial performance and returned the business to growth. Before joining Matalan, Alistair worked in a variety of roles for Littlewoods/Shop Direct (formerly Littlewoods plc), latterly as Chief Executive Officer. He is a qualified chartered accountant.



Leanne Buckham,
Non-Executive Director

Appointed to the Board* in April 2004 as Non-Executive Director, Leanne Buckham is a chartered accountant. She is a Principal at Permira Advisers LLP (Permira) in their Consumer Sector. She has worked on a number of transactions including Gala Coral Group, New Look and Principal Hayley Group. Prior to joining Permira in 2003, she was a Director at PricewaterhouseCoopers LLP in London having spent the last five years in their Transaction Services business.



Martin Clarke,
Non-Executive Director

Appointed to the Board* in April 2004 as Non-Executive Director, Martin Clarke holds an MA and PhD in history from Cambridge University. He was a Partner at Permira Advisers LLP (Permira), heading up its Consumer Sector until his retirement in December 2011. He has worked on a number of transactions including Gala Coral Group, New Look, Principal Hayley Group and Galaxy Entertainment Group Limited. He has over 20 years' experience in private equity and prior to joining Permira was a director of PPMV, the private equity arm of Prudential plc. His early career was spent at Cinven.



Tripp Lane,
Non-Executive Director

Appointed to the Board* in March 2010 as Non-Executive Director, Tripp Lane holds an MBA from The Wharton School and an MA from Johns Hopkins University. He is a Principal at Apax Partners Worldwide LLP in London. He joined Apax in 2006 and has worked on deals including Cengage Learning, New Look, EMAP, and Hit Entertainment.



Alastair Miller,
Chief Financial Officer

Alastair Miller was appointed to the Board* in January 2000. He joined the Group as Group Finance Director, becoming Chief Financial Officer in April 2008 responsible for Finance, IT, Property, Strategic Planning, Internal Audit, Investor Relations and Company Secretariat. Prior to joining the Group, he was the Group Finance Director at RAC and a Finance Director within the BTR group. He qualified as a chartered accountant at Price Waterhouse where he was also a management consultant.



Oriol Pinya,
Non-Executive Director

Appointed to the Board* in November 2010 as Non-Executive Director, Oriol Pinya holds a BBA from ESADE, a Master CEMS from HEC and an MBA from Harvard Business School. He is a Partner at Apax Partners Worldwide LLP where he co-leads the Retail & Consumer team globally. Apax deals include Takko, Panrico, Electro-Stocks, Vueling, Itevelesa, easyEverything and Independer. He has prior experience at BCG and Merrill Lynch.



Tom Singh,
Commercial Director

Tom Singh founded the New Look business in 1969 and had 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. In March 2011, he became an Executive Director, leading the Buying, Merchandising, Design and Sourcing functions.

* Board is defined here as the ultimate holding company at the date mentioned. Due to various Group re-organisations, New Look Retail Group Limited has only been the ultimate holding company since 7 June 2006.

New Look Retail Group Limited is the ultimate holding company of the New Look Group. Apax Funds and Permira Funds each own 27.7% of the total issued share capital.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the parent company and of the profit or loss of the Group for that period.

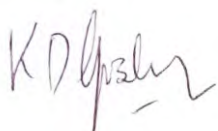
In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Annual Report on www.newlookgroup.com in accordance with the UK legislation governing the preparation and dissemination of financial statements. Access to the website is available from outside the UK, where comparable legislation may be different.

By order of the Board



KEITH GOSLING
COMPANY SECRETARY

25 May 2012

OTHER MATTERS

DIRECTORS

The Directors whose details are set out on pages 28 and 29 are the current Directors of the Company.

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.

PAYMENT OF SUPPLIERS

The Group's creditor days as at 24 March 2012 were 48 days (2011: 75 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 (2011: £nil).

INDEMNITY INSURANCE

The Company maintains liability insurance for its Directors and officers.

WALKER REPORT

On 20 November 2007, David Walker published his 'Guidelines for Disclosure and Transparency in Private Equity' (the Walker Report). Since then the Private Equity Monitoring Group on Transparency and Disclosure has produced four reports, the fourth of which was issued in May 2011. This report has been prepared in the context of those recommendations.

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 information which would be needed by the Company's auditors in connection with the preparation of their audit report of which the auditors are not aware; and
- 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 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



ALASTAIR MILLER
CHIEF FINANCIAL OFFICER
25 May 2012



FINANCIAL STATEMENTS

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

We have audited the group financial statements of New Look Retail Group Limited for the period ended 24 March 2012 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 30, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the group's affairs as at 24 March 2012 and of its loss and cash flows for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of New Look Retail Group Limited for the period ended 24 March 2012.



ALAN KINNEAR (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
25 May 2012

The maintenance and integrity of the New Look Retail Group Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED INCOME STATEMENT

		For the financial periods	
		52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	Notes	£m	£m
Revenue	5, 6	1,447.5	1,461.2
Cost of sales		(710.6)	(673.6)
Gross profit		736.9	787.6
Administrative expenses		(687.6)	(689.2)
Operating profit	7	49.3	98.4
Finance income	9	4.7	2.7
Finance expense	9	(108.5)	(101.2)
Share of post tax profit from joint venture	15	–	0.1
Loss before taxation		(54.5)	–
Taxation	11	16.5	(2.9)
Loss attributable to equity holders of New Look Retail Group Limited	32	(38.0)	(2.9)

The notes on pages 41 to 82 are an integral part of these consolidated financial statements

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the financial periods	
		52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	Notes	£m	£m
Loss for the period		(38.0)	(2.9)
Other comprehensive income			
Cash flow hedges	25, 32	11.1	(13.5)
Exchange differences on translation of foreign operations	32	(10.7)	(7.3)
Tax credit on items recognised directly in equity	11	(2.4)	4.1
Other comprehensive loss for the period, net of tax		(2.0)	(16.7)
Total comprehensive loss for the period		(40.0)	(19.6)

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

The notes on pages 41 to 82 are an integral part of these consolidated financial statements.

Underlying operating profit is calculated as follows:

		For the financial periods	
		52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	Notes	£m	£m
Operating profit		49.3	98.4
Add back/(deduct):			
Exceptional items	10	12.0	3.6
Share based payment expense	30	0.9	1.1
Fair value movement of financial instruments	25	0.5	(5.1)
Underlying operating profit	5	62.7	98.0

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED BALANCE SHEET

		As at	
		24 March 2012	26 March 2011
	Notes	£m	£m
Non-current assets			
Property, plant and equipment	13	203.4	235.5
Intangible assets	14	736.2	741.4
Investment in joint venture	15	0.6	1.7
Available for sale financial assets	16	0.3	0.3
Other receivables	18	42.0	49.0
Income tax assets		–	1.9
Deferred income tax assets	11	33.1	27.0
		1,015.6	1,056.8
Current assets			
Inventories	17	132.7	149.5
Trade and other receivables	18	69.2	64.9
Derivative financial instruments	19	5.4	1.6
Cash and cash equivalents (excluding bank overdrafts)	20	212.3	191.4
		419.6	407.4
Total assets		1,435.2	1,464.2
Current liabilities			
Trade and other payables	21	241.3	270.9
Financial liabilities	22	121.1	25.2
Derivative financial instruments	23	5.1	10.6
Provisions	28	7.5	5.7
Income tax liabilities		1.9	2.0
		376.9	314.4
Non-current liabilities			
Trade and other payables	21	110.1	99.0
Financial liabilities	22	1,181.8	1,236.3
Derivative financial instruments	23	1.5	2.8
Provisions	28	11.7	11.3
Deferred income tax liabilities	11	83.0	89.3
		1,388.1	1,438.7
Total liabilities		1,765.0	1,753.1
Net liabilities		(329.8)	(288.9)

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED BALANCE SHEET (continued)

		As at	
		24 March 2012	26 March 2011
	Notes	£m	£m
Deficit attributable to equity holders of New Look Retail Group Limited			
Share capital	31	10.4	10.4
Share premium	31	0.6	0.6
Treasury shares	31	(22.1)	(19.1)
Other reserves	32	6.2	8.3
Reverse acquisition reserve	32	(285.3)	(285.3)
Retained earnings	32	(39.6)	(3.8)
Total deficit		(329.8)	(288.9)

The notes on pages 41 to 82 are an integral part of these consolidated financial statements

The financial statements on pages 35 to 82 were authorised for issue by the Board of Directors on 25 May 2012 and were signed on its behalf by:



ALASTAIR MILLER
CHIEF FINANCIAL OFFICER
 NEW LOOK RETAIL GROUP LIMITED

Registration number: 05810406

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to the shareholders of New Look Retail Group Limited					
		Share capital £m	Share premium £m	Treasury shares £m	Other reserves £m	Retained earnings £m	Total £m
Balance at 27 March 2010	31, 32	10.4	0.6	(14.0)	(259.4)	(6.6)	(269.0)
Comprehensive income							
Loss for the financial period	32	-	-	-	-	(2.9)	(2.9)
Other comprehensive income							
Exchange differences on translation of foreign companies	32	-	-	-	(7.3)	-	(7.3)
Movements in hedged financial instruments	32	-	-	-	(13.5)	-	(13.5)
Tax on items recognised directly in equity	11	-	-	-	4.1	-	4.1
Total other comprehensive income		-	-	-	(16.7)	-	(16.7)
Total comprehensive income		-	-	-	(16.7)	(2.9)	(19.6)
Transactions with owners:							
Employee share option scheme:							
- value of employee services	32	-	-	-	-	5.9	5.9
ESOPs shares unallocated	30, 32	-	-	-	(1.1)	-	(1.1)
Transfer of exercised shares	30, 32	-	-	-	0.2	(0.2)	-
Purchase of treasury shares	31	-	-	(5.1)	-	-	(5.1)
Total transactions with owners		-	-	(5.1)	(0.9)	5.7	(0.3)
Balance at 26 March 2011	31, 32	10.4	0.6	(19.1)	(277.0)	(3.8)	(288.9)
Comprehensive income							
Loss for the financial period	32	-	-	-	-	(38.0)	(38.0)
Other comprehensive income							
Exchange differences on translation of foreign companies	32	-	-	-	(10.7)	-	(10.7)
Movements in hedged financial instruments	32	-	-	-	11.1	-	11.1
Tax on items recognised directly in equity	11	-	-	-	(2.4)	-	(2.4)
Total other comprehensive income		-	-	-	(2.0)	-	(2.0)
Total comprehensive income		-	-	-	(2.0)	(38.0)	(40.0)
Transactions with owners:							
Employee share option scheme:							
- value of employee services	32	-	-	-	-	(0.9)	(0.9)
ESOPs shares unallocated	30, 32	-	-	-	(0.2)	0.2	-
Transfer of exercised shares	30, 32	-	-	-	0.1	(0.1)	-
Purchase of treasury shares	31	-	-	(3.0)	-	3.0	-
Total transactions with owners		-	-	(3.0)	(0.1)	2.2	(0.9)
Balance at 24 March 2012	31, 32	10.4	0.6	(22.1)	(279.1)	(39.6)	(329.8)

The notes on pages 41 to 82 are an integral part of these consolidated financial statements

NEW LOOK RETAIL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the financial periods	
		52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	Notes	£m	£m
Cash flows from operating activities			
Operating profit		49.3	98.4
Depreciation of property, plant and equipment		70.8	80.8
Impairment of property, plant and equipment		3.3	3.9
Amortisation and impairment of intangible assets		8.1	5.1
Impairment of investment in joint venture		0.7	–
Loss on disposal of tangible and intangible assets		0.4	1.3
Share based payment expense		0.9	1.1
Fair value losses/(gains) in financial instruments		0.5	(5.1)
Foreign exchange losses/(gains) on operating activities		0.3	(0.4)
Amortisation of lease inducements		(10.2)	(9.0)
Decrease/(increase) in inventories		15.3	(23.6)
Decrease in trade and other receivables		1.3	9.2
(Decrease)/increase in trade and other payables		(7.9)	15.6
Increase/(decrease) in provisions		2.2	(6.9)
Income taxes received/(paid)		3.4	(22.2)
ESOPs shares unallocated		(0.2)	(1.4)
Purchase of treasury shares		(3.0)	(5.1)
Net cash flow from operating activities		135.2	141.7
Cash flows from investing activities			
Purchase of property, plant and equipment		(44.7)	(63.4)
Purchase of intangibles		(6.5)	(16.9)
Proceeds from sale of property, plant and equipment		0.5	0.3
Net cash from investing activities		(50.7)	(80.0)
Cash flows from financing activities			
Interest paid		(35.0)	(36.2)
Interest received		1.6	1.0
Repayment of borrowings		(26.0)	(39.9)
Net cash from financing activities		(59.4)	(75.1)
Net increase / (decrease) in cash, cash equivalents and bank overdrafts	26	25.1	(13.4)
Opening cash, cash equivalents and bank overdrafts	26	191.4	206.3
Exchange losses on cash, cash equivalents and bank overdrafts	26	(4.2)	(1.5)
Closing cash, cash equivalents and bank overdrafts	26	212.3	191.4

The notes on pages 41 to 82 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 24 March 2012 were authorised for issue by the Board of Directors ("the Board") on 25 May 2012 and the balance sheet was signed on the Board's behalf by Alastair Miller. 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 Financing Reporting Standards as adopted for use in the European Union (IFRSs as adopted by the EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements are presented in Pound Sterling and all values are rounded to the nearest million (£m) except where otherwise indicated.

There are no material differences between the results shown in the consolidated income statement and the results prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivatives) at fair value through the income statement.

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

IAS 24 (revised) 'Related party disclosures' – effective for accounting periods beginning on or after 1 January 2011. This amendment simplifies the definition of a related party. This amendment does not have a material impact on the Group's financial statements.

Annual improvements 2010 – predominantly effective for accounting periods beginning on or after 1 January 2011. This is a collection of amendments to 6 standards and 1 IFRIC as part of the IASB programme of annual improvements. The Group does not consider there to be any material impact on the Group's financial statements.

The following standards were effective during the period but not relevant to the Group's operations:

- IFRIC 19 'Extinguishing financial liabilities with equity instruments', and
- Amendment to IFRIC 14 'Prepayments of a minimum funding requirement'
- Amendment to IFRS 1 - 'First time adoption', on financial instrument disclosures.

(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 7 (amendments) 'Financial instruments: Disclosures' – effective for accounting periods beginning on or after 1 July 2011. These amendments will require further enhancements to disclosure in relation to risk exposures relating to transfers of financial assets and the effect of those risks on the Group's financial position.

IAS 12 (amendment) 'Income taxes' on deferred tax – effective for accounting periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for measurement of deferred tax assets and liabilities arising on investment property measured at fair value.

IFRS 9 'Financial instruments', on classification and measurement of financial assets – effective for accounting periods beginning on or after 1 January 2013. This is part of the new standard that will replace IAS 39 and will have two measurement categories for financial assets: amortised cost and fair value.

IFRS 9 'Financial instruments', on classification and measurement of financial liabilities – effective for accounting periods beginning on or after 1 January 2013. This is the addition to IFRS 9 for dealing with financial liabilities and replacing IAS 39.

IAS 19 (revised 2011) 'Employee benefits' – effective for accounting periods beginning on or after 1 January 2013 and is to be applied retrospectively. This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to the disclosures for all employee benefits.

IAS 1 (amendment) 'Financial statement presentation' on other comprehensive income (OCI) – effective for accounting periods beginning on or after 1 July 2012. This amendment changes the disclosure of items in OCI and requires items disclosed in the OCI to be separated into two groups dependent on whether or not they may be recycled to profit and loss in the future.

IFRS 10 'Consolidated financial statements' – effective for accounting periods beginning on or after 1 January 2013. This standard builds on the existing concept of control in determining whether an entity should be included within consolidated financial statements.

IFRS 11 'Joint arrangements' – effective for accounting periods beginning on or after 1 January 2013. This standard provides for reflection of joint arrangements by focusing on the rights and obligations rather than its legal form. Proportional consolidation of joint ventures is no longer permitted.

IFRS 12 'Disclosure of interest in other entities' – effective for accounting periods beginning on or after 1 January 2013.

This standard enhances the disclosure requirements for all forms of interests in other entities.

IFRS 13 'Fair value measurement' – effective for accounting periods beginning on or after 1 January 2013. This standard provides the definition of fair value measurement and the disclosure requirements for use across IFRSs.

IAS 27 (revised) 'Separate financial statements' – effective for accounting periods beginning on or after 1 January 2013. This standard includes the provisions on separate financial statements of IAS 27 that haven't been included in IFRS 10 'Consolidated financial statements'.

IAS 28 (revised) 'Investments in associates and joint ventures' – effective for accounting periods beginning on or after 1 January 2013. This standard requires joint ventures and associates to be equity accounted in accordance with the issue of IFRS 11 'Joint arrangements'.

2.2 Basis of consolidation

The Group financial statements incorporate the financial statements of the Company, its subsidiary undertakings and joint venture. Joint ventures are accounted for using the equity method, see 2.3.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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 shall be expensed.

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

The Group has an investment in a joint venture which is jointly controlled through a separate legal entity. The Group recognises its interest 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 and 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 and represents amounts 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. 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. For example, it is the Group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns.

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 royalty income represents the release of the initial fee to grant exclusivity that has been spread over the term of the agreement. Monthly franchise fee 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.

2.5 Cost of sales

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

2.6 Interest income

Interest income 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 profit reconciliation as exceptional items. The separate reporting of exceptional items helps provide an indication of the Group's underlying business performance.

Costs which may be classified as exceptional include costs of restructuring and reorganisation of the business (such as directly related legal and professional costs, redundancies, relocation costs and duplicate facility costs), writing down inventories by material amounts to net realisable value, impairments or reversal of impairments of intangible assets, property, plant and equipment, litigation settlements and abortive costs incurred in preparation for flotation.

2.8 Foreign currencies

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.

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 currency are translated at the rates ruling at the balance sheet date. Resulting exchange gains or losses are recognised in the income statement for the period.

Upon consolidation, assets and liabilities of the Group's overseas subsidiary undertakings are translated into Sterling at the rate of exchange ruling at the balance sheet date and income statements are translated at the average exchange rate during the period. Differences on translation are recognised in a separate reserve. On disposal of an overseas subsidiary, the cumulative exchange differences for that subsidiary are recognised in the income statement as part of the profit 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 in value. 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.

Depreciation is provided to write down the cost of fixed assets to their estimated residual values, based on current prices at the balance sheet date, over their remaining useful lives on a straight-line basis.

Asset Category	Useful life
Freehold buildings	50 years
Leasehold land and buildings	Period to end of lease
Fixtures and equipment	3 to 15 years

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. As at 28 March 2010 the remaining useful life of the existing Weymouth freehold buildings were revised to 2.5 years.

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.

2.10 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. 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. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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. Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated income statement, on a straight-line basis, through administrative expenses, based on the useful life shown below:

Category	Useful life
Brand	Indefinite
Software licences	1 to 5 years
Domain names	5 to 10 years
Recoverable leasehold property premiums	Indefinite

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

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 (CGUs) and impairment is tested for groups of CGUs not larger than operating segments which are country sub-groups of each of the Group's brands, 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, 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 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. The fair value of interest rate contracts is the estimated amount that

the Group would receive or pay to terminate them at the balance sheet date, taking into account prevailing interest rates.

(b) Hedge accounting

For the purpose of hedge accounting, hedges are classified 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.

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. 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 in equity 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 transferred to the income statement for the period.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged and continues to be accounted for in the manner that was applicable prior to it being hedged.

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

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.

(c) Non-derivative financial instruments

All loans and borrowings are initially recognised at the fair value of the consideration received 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.

The Group's unlisted investments are classified as available for sale and are stated at their historic cost less any impairment. They are included in non-current assets since management does not intend to dispose of the investments within 12 months of the balance sheet date.

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, and an attributable proportion of distribution overheads incurred in bringing inventories to their current location and condition.

Net realisable value is based on estimated selling price, less further costs to be incurred to disposal.

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, short term deposits with an original maturity of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within current financial liabilities.

2.15 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

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 tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. 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 only operates defined contribution pension schemes in the UK and RoI. The Group has no further payment obligations once the 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 subsidiaries are 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.

(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 Group operates a number of share based payment schemes: the Senior Management Scheme, the 2004 Share Scheme, the 2006 Option Plan and the 2008 Share Plan. Each scheme features 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.

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 reserves.

The Group provides for the expected cost of 'Good Leavers' which are settled in cash by estimating at each balance sheet date the likely amount of 'Good Leavers' until the date when vesting conditions are met. A provision is created on the balance sheet and a corresponding charge is made to the income statement. 'Good Leavers' could arise from redundancy, disability, injury or death. The actual cost of 'Good Leavers' in the period is charged against the provision brought forward.

Under the 2006 Option Plan and the 2008 Share Plan the number of shares that would vest under the 'Good Leaver' provision would be pro-rated to take into account the length of the holding period since the date of the grant and this pro-rated amount of shares would then be cash-settled. Under the Senior Management Scheme and the 2004 Share Scheme the change in equity value from the date of the grant or issue of the shares using an appropriate valuation model is payable to the 'Good Leavers' in cash.

Other Leavers under the 2004 Share Scheme and the 2008 Share Plan are entitled to a cash payment. Provision is made for the cash to which Other Leavers are entitled.

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. 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 has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax 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 and lease inducements receivable on entering an operating lease are recognised as deferred income and released to income on a straight-line basis over the lease term. Capital contributions from landlords are reflected as lease incentives.

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-GAAP measure referred to as underlying operating profit. Management consider that underlying operating profit reflects the trading performance of the Group which excludes the impacts of exceptional items, share based payments and the marking to market of financial instruments not realised in the period.

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) and credit 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, interest and currency 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.

The Group's principal financial instruments, other than derivatives, are cash and short-term deposits, bank overdrafts and loans. The main purpose of these financial instruments is to raise finance for 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

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. 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 £50.0m (2011: £50.0m) and an overdraft limit of £5.0m (2011: £5.0m) and cash and short-term deposits (note 20) 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.

Currency risk

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

Foreign currency 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 rates.

The Group's principal foreign currency exposures arise from the 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. 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.

To manage the foreign exchange risk arising from future

commercial transactions and recognised financial assets and financial liabilities, forward contracts, managed by Group treasury, are used.

The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the reporting date. It is assumed that the balance at the reporting date is representative for the period as a whole.

During all periods, debt Tranches B2 and C2 were denominated in Euros and all other group borrowings were in Sterling.

During the period ended 24 March 2012, if Sterling had weakened by 5.0% against the Euro with all other variables held constant, post-tax loss (2011: loss) for the period would have been £1.9 million higher (2011: £0.4 million higher), mainly as a result of the translation of subsidiaries with a functional currency of Euros.

During the period ended 24 March 2012, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax loss (2011: loss) for the period would have been £1.7 million higher (2011: £2.1 million higher), mainly as a result of revaluation of overseas trade creditors; post-tax increase in shareholders' deficit would have been £0.2 million lower (2011: £0.1 million higher) as a result of the movement in forward currency contracts.

The Group has decided to hold cash in a Euro denominated bank account as a natural hedge for the effect of the revaluation of the Group's Euro denominated bank borrowing. At 24 March 2012, the amount of Euros held as a natural hedge was €75.4 million (2011: €75.0 million) against the total Euro denominated bank borrowings of €75.4 million (2011: €75.4 million).

Interest rate risk

The Group uses interest rate derivatives to manage the cost of its floating rate debt 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 and 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. Group policy is to hedge approximately 50-75% of floating rate exposure.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps and interest rate caps. This has the economic effect of converting borrowings from floating rates to fixed rates.

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:

- In the case of fair value hedges designed for hedging interest rate risk, the changes in the fair value of the hedged item and the hedging instrument attributable to interest rate movements balance out almost completely in the income statement in the same period. As a consequence, these financial instruments are not exposed to interest rate risk.
- 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' equity 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 24 March 2012, if interest rates had been 100 basis points higher (2011: 100bp) with all other variables held constant, post-tax loss (2011: loss) for the period would have been £8.2 million higher (2011: £9.0 million higher), mainly as a result of a higher interest expense on floating rate borrowings; post-tax movement in equity would be £2.1 million lower (2011: £3.2 million lower) as a result of movement in cash flow hedges.

During the period ended 24 March 2012, if interest rates on Euro denominated borrowings had been 100 basis points higher (2011: 100bp) with all other variables held constant, post-tax loss (2011: loss) for the period would have been £0.6 million higher (2011: £0.7 million higher) due to the higher interest expense on Euro denominated borrowings.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, 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. 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 settled in cash or using major credit cards.

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 S&P (Fitch) 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.

The Group has debt covenants imposed by its lenders which it must achieve in order to maintain its current level of borrowings. Covenant tests are carried out quarterly and at the end of each financial period. There have been no breaches of the covenants throughout the period (2011: none).

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 24 March 2012, net debt was £1,090.6 million (2011: £1,070.1 million), see note 26.

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. 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) 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.

(c) Share based payments

The share based payment expense is recognised in each period as it is incurred, based on a fair value model, and estimates of the likely future cash payments to good leavers. The key assumptions of this model are presented in note 30.

(d) Estimated useful life of intangibles, 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 financial period end. The Group also tests for impairment when a trigger event occurs, or annually as appropriate.

(e) Vacant properties

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.

(f) Impairment of financial assets

The Group follows the guidance of IAS 39 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(g) Inventory provisions

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

5. Segment information

Management has determined the operating 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 reportable segments derive their revenue primarily from the sale of retail goods and gross concession sales. New Look brand & UK segments include rental income and store card income.

The Board assesses the performance of the operating 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). This measurement basis excludes the effects of exceptional items, share-based payments and unrealised gains/losses on financial instruments. 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.

5. Segment information (continued)

The segment information provided to the Board for the reportable segments by brand and by geographic segment, are as follows:

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
External revenue		
New Look brand		
– UK Retail	1,061.2	1,113.2
– International	145.9	138.9
Stores	1,207.1	1,252.1
E-Commerce	62.7	52.3
Franchise	58.6	41.1
Total New Look brand	1,328.4	1,345.5
Mim brand		
– Stores	161.9	168.4
Total Mim brand	161.9	168.4
Segmental gross transactional value	1,490.3	1,513.9
Adjustment to state concession income on a net basis for statutory reporting purposes	(42.8)	(52.7)
Total Group external revenue	1,447.5	1,461.2

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
External revenue		
UK	1,123.9	1,165.5
International	366.4	348.4
Segmental gross transactional value	1,490.3	1,513.9
Adjustment to state concession income on a net basis for statutory reporting purposes	(42.8)	(52.7)
Total Group external revenue	1,447.5	1,461.2

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 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Underlying operating profit		
New Look brand		
– UK Retail	60.5	84.2
– International	(4.9)	(3.2)
Stores	55.6	81.0
E-Commerce	5.9	8.1
Franchise	7.3	4.4
Total New Look brand	68.8	93.5
Mim brand		
– Stores	(6.1)	4.5
Total Mim brand	(6.1)	4.5
Total Group underlying operating profit	62.7	98.0

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Underlying operating profit		
UK	66.4	92.3
International	(3.7)	5.7
Total Group underlying operating profit	62.7	98.0

Underlying operating profit is defined in note 2.23 and is reconciled to operating profit on page 36.

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Capital expenditure		
New Look brand		
– UK Retail	39.0	61.1
– International	3.2	9.5
Stores	42.2	70.6
E-Commerce	6.2	0.6
Franchise	—	—
Total New Look brand	48.4	71.2
Mim brand		
– Stores	3.8	4.1
Total Mim brand	3.8	4.1
Total Group capital expenditure	52.2	75.3

5. Segment information (continued)

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Capital expenditure		
UK	45.2	61.7
International	7.0	13.6
Total Group capital expenditure	52.2	75.3

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Depreciation and amortisation		
New Look brand		
– UK Retail	61.4	63.1
– International	5.5	12.3
Stores	66.9	75.4
E-Commerce	1.6	1.5
Franchise	—	—
Total New Look brand	68.5	76.9
Mim brand		
– Stores	8.0	8.0
Total Mim brand	8.0	8.0
Total Group depreciation and amortisation	76.5	84.9

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Depreciation and amortisation		
UK	63.0	64.6
International	13.5	20.3
Total Group depreciation and amortisation	76.5	84.9

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:

	External revenue		Non-current assets	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m	£m	£m
United Kingdom	1,080.7	1,113.2	848.4	876.7
France	220.1	219.1	115.0	128.7
Rest of Europe	95.9	91.7	18.2	20.5
Middle East	31.6	22.0	—	—
Rest of World	19.2	15.2	—	—
	1,447.5	1,461.2	981.6	1,025.9

6. Revenue

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Sale of goods	1,422.3	1,434.5
Rental income	2.5	2.9
Store card arrangement fee	2.9	2.4
Franchise royalty income	1.4	1.0
Concession income (net)	18.4	20.4
Revenue	1,447.5	1,461.2

Included within rental income is contingent rent of £0.6 million (2011: £0.4 million).

7. Operating profit

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Group operating profit is stated after charging/(crediting):		
Staff costs (note 8a)	233.0	237.8
Depreciation on tangible assets	70.8	80.8
Impairment of tangible assets	3.3	3.9
Amortisation of intangible assets	5.7	4.1
Impairment of intangible assets	2.4	1.0
Impairment of investment in joint venture	0.7	—
Amortisation of lease incentives	(5.7)	(4.6)
Loss on disposal of tangible assets	0.4	1.2
Loss on disposal of intangible assets	—	0.1
Operating lease charges		
– Minimum lease payments	178.7	173.3
Net foreign exchange differences	(2.4)	2.3
Cost of inventories recognised as an expense through cost of sales	621.3	588.5
Write down of inventories to net realisable value through cost of sales	20.7	27.0
Auditors' remuneration:		
Fees payable to the company's auditor for the audit of the Group and parent company	0.2	0.2
Fees payable to the company's auditor and its associates for other services:		
– The audit of the company's subsidiaries pursuant to legislation	0.2	0.2
– Other services relating to taxation	0.2	0.3
– All other services	0.1	0.2

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

8a. Staff costs

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Wages and salaries	206.0	210.1
Social security costs	24.0	24.8
Pension costs (note 34)	2.1	1.8
	232.1	236.7
Share based payment expense (note 30)	0.9	1.1
	233.0	237.8

In addition to the above, costs relating to temporary and contract staff total £4.2 million (2011: £4.8 million).

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

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
Administration and distribution	2,105	2,133
Retailing	20,500	21,806
	22,605	23,939

If the number of part-time hours were converted on the basis of a full working week, the equivalent average number of full-time employees would be 11,819 (2011: 12,498).

Compensation for key management personnel

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

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Short term employee benefits	1.6	2.3
Compensation for loss of office	0.2	1.2
Post employment benefits	0.3	0.3
	2.1	3.8

Retirement benefits are accruing to four members of key management (2011: three) at the end of the period. Directors' remuneration is detailed in note 8b overleaf.

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 24 March 2012 and 26 March 2011.

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Aggregate emoluments in respect of qualifying services	0.9	1.5
Compensation for loss of office	—	0.8
Company contributions paid in respect of pension schemes	0.2	0.2

There have been no waivers of emoluments by any of the Directors in the reporting period. No (2011: none) Director exercised share options and one (2011: none) Director were granted shares in the period. Retirement benefits are accruing to one (2011: one) Director at the end of the period.

(b) Directors' details

Directors

A McGeorge, L Buckham, M Clarke, T Lane, A Miller, O Pinya, and T Singh were Directors as at 24 March 2012.

In the financial period ended 24 March 2012, each of the following were Executive Directors: A McGeorge and A Miller. (2011: C McPhail and A Miller).

As representative of Permira, L Buckham has an indirect economic interest in the shares of the Company held by the Permira Funds. As representatives of Apax, O Pinya and T Lane have an indirect economic interest in the shares of the Company held by the Apax Funds. During the period, a monitoring fee of £150,000 (2011: £150,000) was payable to each of Apax and Permira.

During the period M Clarke retired from Permira but remains a Director on the Board as at 24 March 2012 and continues to have an indirect economic interest in the Group.

For details of transactions with the Directors, including lease payments and payment-in-kind (PIK) interest, see note 35.

Highest paid Director

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Aggregate emoluments in respect of qualifying services	0.4	0.6
Company contributions paid in respect of pension schemes	0.1	0.1
Compensation for loss of office	—	0.8

9. Finance income and expense

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Finance income		
Interest on bank deposits	1.4	1.0
Interest on other loans	—	0.2
Exchange rate gain on revaluation of Euro loans	3.3	1.5
Total finance income	4.7	2.7
Finance expense		
Interest on bank loans and overdrafts	105.2	99.7
Exchange rate loss on revaluation of Euro cash	3.3	1.5
Total finance expense	108.5	101.2

Included within finance expense is an amount of £nil (2011: £nil) in respect of finance income earned on interest rate derivatives put in place to hedge the effect of changes in LIBOR on the Group's floating rate debt.

10. Exceptional items

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Impairment loss	6.2	4.4
Review of business financing	—	(0.3)
Change programme	(0.2)	(0.5)
Restructuring operating base	6.0	—
	12.0	3.6

Impairment loss

An impairment charge has been recognised to write down tangible and intangible assets in stores to their recoverable amount as a result of a decline in trading conditions for certain stores. The recoverable amount was calculated based on the value in use of the individual stores. The calculation of value in use was most sensitive to the following assumptions:

- Forecast operating cash flows for the remaining period of the lease which were based on approved budgets and plans;
- The rate of growth used to extrapolate cash flows and the pre-tax discount rate are disclosed in note 14.

During the financial period 24 March 2012, management reviewed its ability to recover the investment in its 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Sirketi. The recoverable amount of the joint venture was calculated based on the present value of the discounted future cash flows and a resulting impairment loss recorded in the income statement of £0.7 million (2011: £nil).

Review of business financing

During the period ended 27 March 2010, the Group undertook a number of investigative and preparatory steps in connection with a potential listing of shares and debt refinancing. In the financial period ended 26 March 2011, the credit of £0.3 million relates to the reversal of unutilised accruals.

Change programme

The change programme forms part of the Group's future operating model to deliver system, process and structure changes where needed, and to ensure New Look employees are customer and brand aligned in order to achieve the Group's strategy.

During the period to 27 March 2010 costs were incurred in relation to the relocation of commercial functions to London, ensuring New Look's Buying, Merchandising and Design functions are at the heart of London's fashion district.

In the financial period ended 24 March 2012 the credit of £0.2 million (2011: £0.5 million) relates to the reversal of unutilised accruals.

Restructuring operating base

During the financial period ended 24 March 2012, the Group incurred £6.0 million in reviewing and restructuring its operating cost base to align the Group's strategies, structures and costs to the challenging macro-economic environment. The review followed the appointment of the new Executive Chairman to ensure the direction of the Group is consistent with improving financial performance without diverging from the opportunities to leverage from New Look's core growth drivers, such as Multi-Channel and international expansion.

11. Taxation

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Current tax:		
UK corporation tax on profits of the period	2.5	13.0
UK prior year adjustment	(4.4)	(2.7)
Overseas tax	0.1	(0.3)
Overseas prior year adjustment	0.1	(1.2)
Total current tax	(1.7)	8.8
Deferred tax:		
Origination and reversal of temporary differences	(8.8)	(7.2)
Impact of change in UK corporation tax rate	(3.4)	(1.9)
Adjustment in respect of prior period	(2.6)	3.2
Total deferred tax	(14.8)	(5.9)
Income tax (credit)/expense	(16.5)	2.9

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

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Loss before taxation	(54.5)	—
Tax charge on profit at standard rate of 26% (2011: 28%)	(14.2)	—
Reasons affecting charge for the period:		
Depreciation on non-qualifying assets	3.8	2.7
Expenses not deductible for tax purposes	0.3	1.6
Foreign tax charged at a different rate than UK standard rate	(0.4)	0.1
Overseas tax loss not relieved in current year	4.4	1.1
Re-measurement of deferred tax – change in the UK corporation tax rate	(3.4)	(1.9)
Adjustment to current tax charge in respect of prior periods	(4.4)	(3.9)
Adjustment to deferred tax charge in respect of prior periods	(2.6)	3.2
Income tax (credit)/expense	(16.5)	2.9

During the financial period the main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and from 1 April 2012 further reduced to 25%. Closing deferred tax balances have therefore been valued at 25%. The March 2012 Budget Statement announced further reductions of the main rate of corporation tax to 24% with affect from 1 April 2012, and by 1% per annum to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and therefore, the affects of the these are not included in these financial statements.

11. Taxation (continued)

In addition to the amount charged to the consolidated income statement, tax movements recognised directly in equity as shown in the consolidated statements of comprehensive income and of changes in equity were as follows:

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Deferred tax:		
Foreign exchange movements taken to translation reserve	0.7	0.3
Other temporary differences	(3.1)	3.8
Tax credit on items recognised directly in equity	(2.4)	4.1

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	
	24 March 2012	26 March 2011
	£m	£m
Deferred tax asset to be recovered within 12 months	22.6	22.1
Deferred tax asset to be recovered after more than 12 months	10.5	4.9
	33.1	27.0
Deferred tax liability falling due within 12 months	—	—
Deferred tax liability falling due after more than 12 months	(83.0)	(89.3)
	(83.0)	(89.3)
	(49.9)	(62.3)

The movement in the period is as follows:

	Accelerated capital allowances	Brand	Other temporary differences	Total
	£m	£m	£m	£m
At 27 March 2010	6.0	92.4	(26.1)	72.3
Credited to income statement	(3.0)	(2.8)	(0.1)	(5.9)
Recognised directly in equity	—	(0.3)	(3.8)	(4.1)
At 26 March 2011	3.0	89.3	(30.0)	62.3
Credited to income statement	(0.7)	(5.6)	(8.5)	(14.8)
Recognised directly in equity	—	(0.7)	3.1	2.4
At 24 March 2012	2.3	83.0	(35.4)	49.9

There is a deferred tax asset in respect of capital losses of £2.2 million (2011: £1.7 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.

PIK interest and onerous lease cost are the main items included in other temporary differences.

Deferred tax assets of £11.7 million (2011: £5.7 million) relating to losses in Mim, New Look France, New Look Belgium and New Look Holland and 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 £1,061.5 million (2011: £980.3 million).

12. Dividends

No dividends have been proposed, declared or paid during the periods ended 24 March 2012 or 26 March 2011.

13. Property, plant and equipment

	Freehold land and buildings	Fixtures and equipment	Total
	£m	£m	£m
Cost			
At 27 March 2010	10.8	537.4	548.2
Exchange movement	—	(3.5)	(3.5)
Additions	0.7	58.1	58.8
Reclassification ⁽¹⁾	—	(4.2)	(4.2)
Disposals	—	(7.2)	(7.2)
At 26 March 2011	11.5	580.6	592.1
Exchange movement	—	(7.8)	(7.8)
Additions	4.3	41.5	45.8
Disposals	—	(81.8)	(81.8)
At 24 March 2012	15.8	532.5	548.3
Accumulated depreciation			
At 27 March 2010	(2.3)	(277.2)	(279.5)
Exchange movement	—	0.1	0.1
Depreciation charge	(0.6)	(80.2)	(80.8)
Impairment loss	—	(3.9)	(3.9)
Reclassification ⁽¹⁾	—	1.8	1.8
Disposals	—	5.7	5.7
At 26 March 2011	(2.9)	(353.7)	(356.6)
Exchange movement	—	4.9	4.9
Depreciation charge	(0.5)	(70.3)	(70.8)
Impairment loss	—	(3.3)	(3.3)
Disposals	—	80.9	80.9
At 24 March 2012	(3.4)	(341.5)	(344.9)
Net Book Value			
24 March 2012	12.4	191.0	203.4
26 March 2011	8.6	226.9	235.5

(1) In the prior period there was a reclassification of additions and depreciation/amortisation between fixtures and equipment and software.

Freehold land of £5.6 million (2011: £5.6 million) is not depreciated.

Included within fixtures and equipment are assets in the course of construction of £20.0 million (2011: £10.0 million), which are not depreciated.

At 24 March 2012, the Group has entered into contractual commitments for the acquisition of property, plant and equipment amounting to £23.1 million (2011: £37.8 million).

During the financial period, the redevelopment of the Group's land on its Mercery Road, Weymouth site, received planning consent. On 27 April 2011, Weymouth and Portland Borough Council made the decision to support New Look's outline planning application for its Weymouth Gateway regeneration plans, marking a major milestone for the project. The plans include a new office building for New Look, a Sainsbury's supermarket, a hotel, family restaurant, and additional commercial units.

VINCI Construction was appointed as the primary contractor for Phase 1 of the project which commenced on 14 November 2011, Phase 1 includes the construction of the New Look office building, construction of a new commercial unit and various highway and infrastructure works.

Further information can be found at www.weymouthgateway.co.uk.

14. Intangible assets

	Goodwill	Brands	Recoverable leasehold property premiums	Software Licences	Total
	£m	£m	£m	£m	£m
Cost					
At 27 March 2010	365.3	320.8	28.9	29.3	744.3
Exchange movement	—	(0.9)	(0.6)	—	(1.5)
Additions	—	—	1.8	14.7	16.5
Reclassification ⁽¹⁾	—	—	—	4.2	4.2
Disposals	—	—	—	(0.3)	(0.3)
At 26 March 2011	365.3	319.9	30.1	47.9	763.2
Exchange movement	—	(2.0)	(1.6)	(0.1)	(3.7)
Additions	—	—	1.4	5.0	6.4
Disposals	—	—	(0.2)	—	(0.2)
At 24 March 2012	365.3	317.9	29.7	52.8	765.7
Accumulated amortisation and impairment					
At 27 March 2010	—	—	(2.2)	(12.9)	(15.1)
Amortisation charge	—	—	—	(4.1)	(4.1)
Impairment loss	—	—	(1.0)	—	(1.0)
Reclassification ⁽¹⁾	—	—	—	(1.8)	(1.8)
Disposals	—	—	—	0.2	0.2
At 26 March 2011	—	—	(3.2)	(18.6)	(21.8)
Exchange movement	—	—	0.2	—	0.2
Amortisation charge	—	—	—	(5.7)	(5.7)
Impairment loss	—	—	(2.1)	(0.3)	(2.4)
Disposals	—	—	0.2	—	0.2
At 24 March 2012	—	—	(4.9)	(24.6)	(29.5)
Net book value					
At 24 March 2012	365.3	317.9	24.8	28.2	736.2
At 26 March 2011	365.3	319.9	26.9	29.3	741.4

(1) In the prior period there was a reclassification of additions and depreciation/amortisation between fixtures and equipment and software.

As at 24 March 2012, the Group had entered into contractual commitments for the acquisition of software amounting to £0.2 million (2011: £4.1 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 Group's brands, 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.

Brands include the New Look and Mim brands 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 these brands and has concluded that they have indefinite useful lives.

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 £2.1 million (2011: £1.0 million).

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 approved by the Board 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 approved budgets and plans. 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 plan period is 2.0% per annum (2011: 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, the resulting cash flows were discounted using a pre tax discount rate of 11.0% (2011: 11.9%). For the Mim brand, the resulting cash flows were discounted using a pre tax discount rate of 10.6% (2011: 12.9%). These rates reflect 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.

Sensitivity to changes in assumptions

With regard to the assessment of the value in use of the Mim brand, management recognises that any reasonable change in any of the above key assumptions may cause the carrying value of the unit to materially exceed its recoverable amount. The impairment review has been based on management's best estimates of the forecast cash flows for the unit which shows that the recoverable amount exceeds the carrying amount by £26.4 million (2011: £49.3 million). The implications of sensitivity on the key assumptions, assuming no other mitigating actions are taken by management, would affect the recoverable amount as detailed below:

- Pre tax discount rate - Sensitivity has determined that the discount rate of 10.6% is an influential assumption on the outcome of the recoverable amount calculation. The pre tax rate would need to increase by 2.8% for the carrying value to be impaired; and
- Cash flow projections - Cash flows can be impacted by changes to sale projections, sale prices and direct costs. In order for the carrying value of the Mim brand to be impaired, the expected discounted free cash flows for every year commencing March 2013 would need to reduce by 26.8%.

15. Investment in joint venture

The Group has a 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Sirketi, a jointly controlled entity incorporated in Turkey, which sources product on behalf of the Group.

The Group's share of the assets, liabilities, revenue and expenses of the jointly controlled entity are as follows:

	As at	
	24 March 2012	26 March 2011
	£m	£m
Share of the joint venture's balance sheet		
Non-current assets	—	—
Current assets	2.2	3.3
Current liabilities	(1.6)	(2.3)
Non-current liabilities	(0.1)	(0.1)
Share of net assets	0.5	0.9
Loan to joint venture	0.8	0.8
Impairment loss	(0.7)	—
Total investment in joint venture	0.6	1.7

Details of the impairment loss of £0.7 million are included in note 10.

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Share of the joint venture's result		
Revenue	11.8	9.6
Cost of sales	(11.0)	(8.8)
Administrative expenses	(0.8)	(0.7)
Profit before taxation	—	0.1
Taxation	—	—
Profit for the period	—	0.1

The share capital of the joint venture is 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 Sirketi each own 60,800 shares in the company.

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 year end.

16. Available for sale financial assets

	As at	
	24 March 2012	26 March 2011
	£m	£m
Unlisted investments available for sale	0.3	0.3

The investments included above are investments in unlisted equity securities which are carried at cost being fair value at inception. The investments continue to be carried at cost since they do not have a quoted price in an active market nor a fair value which can be reliably measured. The investments have no maturity or coupon rate and are denominated in Euros.

There were no disposals or impairment provisions on available for sale financial assets in any of the periods.

17. Inventories

	As at	
	24 March 2012	26 March 2011
	£m	£m
Raw materials and work in progress	1.2	2.4
Finished goods	131.5	147.1
	132.7	149.5

Inventories with a value of £3.8 million (2011: £2.8 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 inventory are disclosed in note 7.

18. Trade and other receivables

	As at	
	24 March 2012	26 March 2011
	£m	£m
Current		
Trade receivables	17.3	11.0
Other receivables	8.0	7.6
Prepayments	42.9	45.7
Accrued income	1.0	0.6
	69.2	64.9
Non-current		
Other receivables	7.6	11.9
Prepayments	34.4	37.1
	42.0	49.0

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

	As at	
	24 March 2012	26 March 2011
	£m	£m
Sterling	81.7	83.8
Euro	28.5	29.6
US Dollar	0.6	0.2
Roubles	0.4	0.3
	111.2	113.9

Included within the trade and other receivables balance is a bad debt provision for £3.6 million (2011: £1.5 million). There was a bad debt charge in the income statement of £2.7 million (2011: £0.6 million).

As at 24 March 2012, trade and other receivables of £23.3 million (2011: £28.9 million) were fully performing.

As at 24 March 2012, trade and other receivables of £9.1 million (2011: £0.7 million) were past due but not classed as impaired.

The ageing analysis of these is as follows:

	As at	
	24 March 2012	26 March 2011
	£m	£m
Up to 2 months	8.2	0.7
2 to 6 months	0.9	—
	9.1	0.7

As of 24 March 2012, trade and other receivables of £4.1 million (2011: £2.4 million) were impaired and £3.6 million (2011: £1.5 million) were provided for. The ageing of these receivables is as follows:

	As at	
	24 March 2012	26 March 2011
	£m	£m
Up to 2 months	0.8	0.8
2 to 6 months	3.3	1.6
	4.1	2.4

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

	As at	
	24 March 2012	26 March 2011
	£m	£m
At start of period	1.5	1.2
Provisions for receivables impairment	2.7	0.6
Receivables written off during the period	(0.6)	(0.3)
	3.6	1.5

The creation and release of the provision for impaired receivables has been included in administrative expenses. Amounts charged to the bad debt provisions 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 maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

19. Derivative financial instrument assets

	As at	
	24 March 2012	26 March 2011
	£m	£m
Current assets		
Foreign currency contracts	4.8	1.0
Interest rate swaps	—	—
Embedded foreign exchange derivatives	0.6	0.6
	5.4	1.6

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 interest rate swap agreements and foreign currency contracts are referred to within note 25.

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

20. Cash and cash equivalents

	As at	
	24 March 2012	26 March 2011
	£m	£m
Cash at bank and in hand	41.1	41.1
Short-term deposits	169.2	148.7
Blocked cash	2.0	1.6
	212.3	191.4

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. Blocked cash relates to amounts held as guarantees over leases in mainland Europe.

21. Trade and other payables

	As at	
	24 March 2012	26 March 2011
	£m	£m
Current		
Trade payables	93.0	138.8
Other taxation and social security	24.4	18.2
Other payables	13.9	15.5
Accruals	83.9	74.9
Interest accrual	1.8	2.3
Deferred income	23.8	19.6
Liability for cash settled share based payments	0.5	1.6
	241.3	270.9
Non-current		
Liability for cash settled share based payments	0.2	0.3
Other taxation and social security	0.5	0.4
Other payables	0.9	5.0
Deferred income	108.5	93.3
	110.1	99.0

Trade payables, other payables and accruals are non interest-bearing. Trade payables are normally settled on either 60 or 75 day terms. Included in accruals is £30.1 million (2011: £28.5 million) relating to inventory.

22. Financial liabilities

	As at	
	24 March 2012	26 March 2011
	£m	£m
Current		
Bank loans	121.1	25.2
	121.1	25.2
Non-current		
Bank loans	464.7	585.7
PIK debt	717.1	650.6
	1,181.8	1,236.3

Further disclosure in respect of loans is provided in note 27.

23. Derivative financial instrument liabilities

	As at	
	24 March 2012	26 March 2011
	£m	£m
Current liabilities		
Foreign currency contracts	0.4	3.3
Interest rate swaps	4.6	7.3
Embedded foreign exchange derivatives	0.1	—
	5.1	10.6
Non-current liabilities		
Interest rate swaps	1.5	2.8
	1.5	2.8

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 interest rate swap agreements and foreign currency contracts are referred to within note 25.

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

24. Financial instruments

Fair values

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

	As at	
	24 March 2012	26 March 2011
	Carrying amount and fair value	Carrying amount and fair value
	£m	£m
Financial assets		
Cash and short-term deposits	212.3	191.4
Foreign currency contracts	4.8	1.0
Interest rate swaps	—	—
Available for sale financial assets	0.3	0.3
Embedded foreign exchange derivatives	0.6	0.6
Financial liabilities		
Bank loans	585.8	610.9
PIK debt	717.1	650.6
Foreign currency contracts	0.4	3.3
Interest rate swaps	6.1	10.1
Embedded foreign exchange derivatives	0.1	—

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.

Using market prices, as at the financial period end, the fair value of the PIK debt is approximately £322.7 million less than (2011: £74.8 million less than) the carrying value.

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

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	
	24 March 2012	26 March 2011
	£m	£m
Notional amount of outstanding foreign currency contracts	275.0	324.0
Notional amount of outstanding interest rate swaps and cap	300.0	300.0

The foreign currency contracts have expiry terms of between 1 and 15 months (2011: 1 and 15 months). The interest rate swap contracts have expiry terms of between 1 and 30 months (2011: 1 and 39 months).

Category

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

	Loans and receivables	Assets at fair value through income statement	Derivatives used for hedging	Available for sale	Total
	£m	£m	£m	£m	£m
Assets per balance sheet					
At 24 March 2012					
Available for sale financial assets	—	—	—	0.3	0.3
Derivative financial instruments	—	0.6	4.8	—	5.4
Trade and other receivables (excluding prepayments)	33.9	—	—	—	33.9
Cash and short term deposits	212.3	—	—	—	212.3
	246.2	0.6	4.8	0.3	251.9

	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 24 March 2012				
Borrowings	—	—	1,302.9	1,302.9
Derivative financial instruments	0.1	6.5	—	6.6
Trade and other payables (excluding deferred income)	—	—	219.2	219.2
	0.1	6.5	1,522.1	1,528.7

24. Financial instruments (continued)

	Loans and receivables	Assets at fair value through income statement	Derivatives used for hedging	Available for sale	Total
	£m	£m	£m	£m	£m
Assets per balance sheet					
At 26 March 2011					
Available for sale financial assets	—	—	—	0.3	0.3
Derivative financial instruments	—	0.6	1.0	—	1.6
Trade and other receivables (excluding prepayments)	31.1	—	—	—	31.1
Cash and short term deposits	191.4	—	—	—	191.4
	222.5	0.6	1.0	0.3	224.4

	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 2011				
Borrowings	—	—	1,261.5	1,261.5
Derivative financial instruments	—	13.4	—	13.4
Trade and other payables (excluding deferred income)	—	—	257.0	257.0
	—	13.4	1,518.5	1,531.9

The following table presents the Group's assets and liabilities that are measured at fair value at 24 March 2012:

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Assets				
Foreign currency contracts	—	4.8	—	4.8
Interest rate swaps	—	—	—	—
Embedded foreign exchange derivatives	—	0.6	—	0.6
Total assets	—	5.4	—	5.4
Liabilities				
Foreign currency contracts	—	0.4	—	0.4
Interest rate swaps	—	6.1	—	6.1
Embedded foreign exchange derivatives	—	0.1	—	0.1
Total liabilities	—	6.6	—	6.6

The following table presents the Group's assets and liabilities that are measured at fair value at 26 March 2011:

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Assets				
Foreign currency contracts	—	1.0	—	1.0
Embedded foreign exchange derivatives	—	0.6	—	0.6
Total assets	—	1.6	—	1.6
Liabilities				
Interest rate swaps	—	10.1	—	10.1
Foreign currency contracts	—	3.3	—	3.3
Total liabilities	—	13.4	—	13.4

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

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	
	24 March 2012	26 March 2011
	£m	£m
Trade Receivables		
Counterparties without external credit rating:		
Group 1	1.7	0.7
Group 2	0.2	—
Group 3	15.4	10.3
Total trade receivables	17.3	11.0

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 with counterparties with a Fitch's credit rating of at least 'A'. Group treasury monitors counterparty credit ratings closely, adjusting limits and balances immediately following counterparty downgrades. At 24 March 2012, the Group had £209.8 million of cash and cash equivalents (2011: £189.8m) held with institutions rated 'A' or above and £1.8 million (2011: nil) held with institutions rated 'A-' and £0.7 million (2011: 1.6 million) held with institutions rated 'BBB', with a combined credit limit of £540.0 million (2011: £295.0 million).

24. Financial instruments (continued)

The Group limits its exposure with its counterparties to derivative financial instruments by engaging with counterparties with a Fitch credit rating of 'A' or above. At 24 March 2012, the Group had derivative financial assets of £4.8 million (2011: £1.6 million) with counterparties rated 'A' or above.

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 24 March 2012	£m	£m	£m	£m
Borrowings	121.1	207.2	974.6	—
Derivative financial instruments	4.6	1.2	0.1	—
Trade and other payables	217.5	1.6	—	—

	<1 year	1-2 years	2-5 years	5+ years
At 26 March 2011	£m	£m	£m	£m
Borrowings	25.2	122.7	1,113.6	—
Derivative financial instruments	7.2	2.7	(1.0)	—
Trade and other payables	251.3	5.7	—	—

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 24 March 2012	£m	£m	£m	£m
Forward foreign exchange contracts – cash flow hedges				
Outflow	260.4	10.4	—	—
Inflow	265.4	10.5	—	—

	<1 year	1-2 years	2-5 years	5+ years
At 26 March 2011	£m	£m	£m	£m
Forward foreign exchange contracts – cash flow hedges				
Outflow	302.5	24.8	—	—
Inflow	300.0	25.1	—	—

Embedded foreign exchange derivatives

At 24 March 2012, 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 foreign exchange derivatives under IAS 39 are as follows:

	As at	
	24 March 2012	26 March 2011
	£m	£m
Fair value of embedded foreign exchange derivatives	0.5	0.6

25. 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	
	24 March 2012	26 March 2011
	£m	£m
Fair value of hedging instruments, qualifying for hedge accounting	4.4	(2.3)
Fair value of hedging instruments, not qualifying for hedge accounting	—	—
	4.4	(2.3)

Interest rate swaps

At 24 March 2012, the Group had entered into interest rate swap and cap agreements of £300.0 million (2011: £300.0 million) as partial cash flow hedges of the interest rate risk associated with the drawn down loans of the Group of £1,302.9 million (2011: £1,261.5 million). The Group pays fixed rates on the swap agreements of between 1.09% to 5.22% (2011: 2.25% to 5.51%). The interest rate swap expiry dates are between November 2012 and September 2014. The fair values of the interest rate swaps are as follows:

	As at	
	24 March 2012	26 March 2011
	£m	£m
Fair value of interest rate swaps, qualifying for hedge accounting	(6.1)	(10.1)
Fair value of interest swaps, not qualifying for hedge accounting	—	—
	(6.1)	(10.1)

Movement in fair values

	Foreign exchange contracts	Interest rate swaps	Embedded derivatives	Total
	£m	£m	£m	£m
Fair value at 27 March 2010	16.1	(18.3)	(1.2)	(3.4)
Fair value gain through income statement	0.8	2.5	1.8	5.1
Fair value (loss)/gain to reserves	(19.2)	5.7	-	(13.5)
Fair value at 26 March 2011	(2.3)	(10.1)	0.6	(11.8)
Fair value (loss)/gain through income statement	(0.6)	0.2	(0.1)	(0.5)
Fair value gain to reserves	7.3	3.8	—	11.1
Fair value at 24 March 2012	4.4	(6.1)	0.5	(1.2)

The fair value gain (2011: loss) to reserves comprises a £4.3 million loss (2011: £6.2 million gain) removed from equity and included in operating profit during the period, and a net £6.8 million gain (2011: net £7.3 million loss) recognised in equity during the period.

The ineffective portion recognised in the income statement that arises from cash flow hedges amounts to a loss of £0.4 million (2011: gain £3.3 million).

The embedded derivatives are referred to within note 24.

26. Analysis of net debt

	26 March 2011	Cashflow	Non-cash changes	24 March 2012
	£m	£m	£m	£m
Cash and cash equivalents	191.4	25.1	(4.2)	212.3
Bank loans	(610.9)	26.0	(0.9)	(585.8)
PIK debt	(650.6)	—	(66.5)	(717.1)
Total net debt	(1,070.1)	51.1	(71.6)	(1,090.6)

	27 March 2010	Cashflow	Non-cash changes	26 March 2011
	£m	£m	£m	£m
Cash and cash equivalents	206.3	(13.4)	(1.5)	191.4
Bank loans	(648.2)	39.9	(2.6)	(610.9)
PIK debt	(591.4)	—	(59.2)	(650.6)
Total net debt	(1,033.3)	26.5	(63.3)	(1,070.1)

Included in non-cash changes are £4.2 million (2011: £4.1 million) deferred interest rolled over to the carrying value of the Mezzanine debt, £66.5 million (2011: £59.2 million) deferred interest rolled over to the carrying value of the PIK loan, and £3.3 million (2011: £1.5 million) Euro loan revaluation gains.

27. Interest rate risk and liquidity risk

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

Period ended 24 March 2012

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	212.3	—	—	—	—	—	212.3
Mezzanine debt	—	—	—	(79.7)	—	—	(79.7)
Senior term debt – Tranche A	(8.3)	—	—	—	—	—	(8.3)
Senior term debt – Tranche A2	(3.5)	—	—	—	—	—	(3.5)
Senior term debt – Tranche B1	(82.1)	(82.2)	—	—	—	—	(164.3)
Senior term debt – Tranche B2	(15.8)	(15.7)	—	—	—	—	(31.5)
Senior term debt – Tranche B3	(11.4)	(11.4)	—	—	—	—	(22.8)
Senior term debt – Tranche C1	—	(82.1)	(82.1)	—	—	—	(164.2)
Senior term debt – Tranche C2	—	(15.8)	(15.7)	—	—	—	(31.5)
Senior term debt – Tranche D	—	—	(80.0)	—	—	—	(80.0)
PIK debt	—	—	—	(717.1)	—	—	(717.1)
	91.2	(207.2)	(177.8)	(796.8)	—	—	(1,090.6)

Period ended 26 March 2011

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	191.4	—	—	—	—	—	191.4
Mezzanine debt	—	—	—	—	(75.5)	—	(75.5)
Senior term debt – Tranche A	(17.7)	(8.9)	—	—	—	—	(26.6)
Senior term debt – Tranche A2	(7.5)	(3.7)	—	—	—	—	(11.2)
Senior term debt – Tranche B1	—	(82.1)	(82.2)	—	—	—	(164.3)
Senior term debt – Tranche B2	—	(16.6)	(16.5)	—	—	—	(33.1)
Senior term debt – Tranche B3	—	(11.4)	(11.4)	—	—	—	(22.8)
Senior term debt – Tranche C1	—	—	(82.1)	(82.1)	—	—	(164.2)
Senior term debt – Tranche C2	—	—	(16.6)	(16.6)	—	—	(33.2)
Senior term debt – Tranche D	—	—	—	(80.0)	—	—	(80.0)
PIK debt	—	—	—	—	(650.6)	—	(650.6)
	166.2	(122.7)	(208.8)	(178.7)	(726.1)	—	(1,070.1)

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.

Senior term debt tranches B2 and C2 are denominated in Euros and converted at the period end rate of 1.196 (2011: 1.137).

Borrowing facilities

The Group has the following undrawn committed facilities available:

	As at	
	24 March 2012	26 March 2011
	£m	£m
Expiring within one year	55.0	5.0
Expiring in more than one year	—	50.0

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. Of the facility expiring within one year, £50.0 million relates to a revolving credit facility which has a final maturity date of 31 July 2012. Nil of this facility was drawn at 24 March 2012 (2011: £nil). 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 £51.9 million (2011: £59.0 million) were outstanding under these arrangements.

Interest bearing loans and borrowings

Mezzanine debt, senior term debt and other borrowings under the available ancillary facilities are secured on the assets of the Group and are subject to a Priority Agreement. Under this agreement, senior term debt and borrowings under the available ancillary facilities rank pari passu. The mezzanine debt ranks subordinate to the senior term debt and to borrowings under the available ancillary facilities. The PIK loan is unsecured and has a final maturity date of 30 November 2015.

Borrowings under the mezzanine debt, senior term debt and the available ancillary facilities are at prevailing floating rates of interest based upon short-term inter-bank rates (GBP LIBOR and EURIBOR for the interest period selected at the Group's discretion). Commitment fees are payable in respect of the undrawn amount of committed facilities.

The senior term debt, mezzanine debt and PIK loan are subject to quarterly covenant reporting.

Margins over GBP LIBOR and EURIBOR, applying to the senior term debt on all B tranches and C tranches are fixed and range from 2.75% to 3.25%. The margin applying to senior term debt tranche A and to available committed revolving facilities is subject to a ratchet mechanism whereby it varies from 1.5% to 2.25% subject to the financial performance of the Group (margin applying at 24 March 2012 was 1.75% (2011: 1.5%)). The margin applying to the mezzanine debt is fixed at 10.0% of which 4.5% is settled in cash and 5.5% is capitalised at the end of each interest period. The margin applying to the PIK loan is 9.0% subject to a margin adjustment linked to the consolidated EBITDA of Trinitybrook Limited and its subsidiaries.

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

28. Provisions

	Relocation provisions £m	Onerous Lease provisions £m	Total £m
At 27 March 2010	2.0	21.9	23.9
Arising during the period	—	10.2	10.2
Utilised	(0.8)	(12.4)	(13.2)
Reversal of unused amounts	(1.0)	(2.9)	(3.9)
At 26 March 2011	0.2	16.8	17.0
Arising during the period	—	11.7	11.7
Utilised	—	(4.8)	(4.8)
Reversal of unused amounts	(0.2)	(4.3)	(4.5)
Exchange difference	—	(0.2)	(0.2)
At 24 March 2012	—	19.2	19.2

	As at	
	24 March 2012	26 March 2011
	£m	£m
Current	7.5	5.7
Non-current	11.7	11.3
	19.2	17.0

Onerous lease provisions

The provision mainly relates to future lease costs of vacant properties for the remaining period of the lease, net of expected sub-letting income, and is estimated to be used over one to 24 months. The remaining balance comprises dilapidations provision of £2.0 million (2011: £2.0 million) which is expected to be utilised over one to 24 months.

Relocation provisions

The credit to the consolidated income statement for relocation costs is explained in note 10. The majority of the relocation provision related to redundancies and related costs, which are expected to be utilised over the period to 24 March 2012.

29. Operating lease commitments

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

	As at	
	24 March 2012	26 March 2011
	£m	£m
Not later than one year	174.9	185.3
Later than one year and not later than five years	598.5	696.7
Later than five years	714.8	885.9
	1,488.2	1,767.9

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 £4.5 million (2011: £5.7 million).

30. Share based payments

Senior Management Scheme

In April 2004, the senior management of the Group were invited to invest in the shares of the three Guernsey companies which comprised the holding companies of Trinitybrook Limited (the ultimate holding company of the Group at that time), being NL Company No. 1 Limited, NL Company No. 2 Limited and NL Company No. 3 Limited. These shares were purchased at fair value.

As part of the Group reorganisation and share for share exchange in June 2006, the shares held by employees in the three Guernsey companies, NL Company No. 1 Limited, NL Company No. 2 Limited, and NL Company No. 3 Limited and the ESOP1 holding in Trinitybrook Limited were exchanged for shares in New Look Retail Group Limited.

All of the shares held were originally issued at fair value determined by reference to the market value of a basket of comparator companies. Under the reorganisation a cash payment of £48.0 million was paid by Pedalgreen Limited (an immediate subsidiary company of New Look Retail Group Limited) to investors within the scope of IFRS 2, in consideration for the sale of a proportion of the shares in Guernsey 4 Limited (the holding company of the Group prior to the reorganisation in 2006) and the remaining shares were exchanged for shares in Pedalgreen Limited. Guernsey 4 Limited acquired its holding in the Group on 1 June 2006 by acquiring all the shares in NL Company No. 1 Limited, NL Company No. 2 Limited and NL Company No. 3 Limited. There was then a share for share exchange as part of which shares in Pedalgreen Limited were exchanged for shares in New Look Retail Group Limited. Accordingly the reorganisation was accounted for as a modification of an equity settled arrangement under IFRS 2. The £48.0 million was charged directly to the retained earnings reserve.

	As at	
	24 March 2012	26 March 2011
	Number	Number
	000s	000s
Shares in issue at the beginning of the period	58,932	72,300
Shares purchased by ESOP from senior management in the period	(18,500)	(13,368)
Shares in issue at the end of the period	40,432	58,932

The 2004 Share Scheme and the 2008 Share Plan

In May 2004, under a new arrangement, Trinitybrook Limited loaned funds to ESOP1. ESOP1 then subscribed to Trinitybrook Limited to acquire a fixed allocation of shares. Between May 2004 and February 2006, certain employees were invited to acquire beneficial ownership of these shares at fair value determined by reference to the market value of a basket of comparator companies. As a result of the Group reorganisation in 2006, employees now hold the beneficial interest in shares in New Look Retail Group Limited.

In April 2009, August 2009 and August 2011 certain employees were invited to acquire the beneficial interest in shares owned by ESOP1 at fair value determined by reference to the market value of a basket of comparator companies (the 2008 Share Plan).

These shares vest over a 4-year period. Under the first tranche, 20.0% vested on 30 April 2009, then 20.0% on 18 September 2009 and 20.0% on each anniversary of 18 September until the third anniversary. Under the second tranche, 20.0% vested on 21 August 2009 and 20.0% on each anniversary from the grant date until the fourth anniversary. Under the third tranche, 20.0% vested on 25 August 2011, 20.0% vested on 1 May 2012 and 20.0% on each anniversary of 1 May until the third anniversary.

Vesting affects the price at which the employee may be required to sell any shares which have not vested upon ceasing to be employed within the Group. The employee is generally not free to sell the shares until either a change in control of the Group or (subject to the vesting conditions) a listing.

The Group has issued shares to ESOP2 for the purposes of meeting the liabilities in respect of phantom options under the Phantom Plan granted to certain employees in France.

Under the 2008 Share Plan, shares have vested at various times throughout the year. The weighted average share price at vesting for all grants throughout the period was 1.0p (2011: 38.0p).

Until June 2007, the 2004 Share Scheme operated as an equity settled arrangement under which employees could be required to sell their shares in the event of a sale or listing of the Group. In June 2007, an amendment was introduced such that, in the event of a sale, the employees would be required to sell their shares but, in the event of a listing of the Group, they would remain entitled to their shares. The 2008 Share Plan contains similar features. The 2008 Share Plan also protects the employee from a fall in the value of New Look Retail Group Limited's shares. The 2008 Share Plan is therefore accounted for, in substance, as a share option arrangement.

30. Share based payments (continued)

Details of the 2008 Share Plan share options outstanding during the period are as follows:

	March 2011 – March 2012 Number of share options 000s	March 2010 – March 2011 Number of share options 000s
Outstanding at the beginning of the period	35,147	49,221
Granted in the period	16,500	—
Exercised in the period	—	—
Lapsed in the period	—	—
Forfeited in the period	(18,928)	(14,074)
Outstanding at the end of the period	32,719	35,147
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	37 months	25 months
Weighted average share price at the date of exercise (pence)	—	—
Weighted average exercise price (pence)	13.0p	25.0p
Market value at period end (pence)	1.0p	6.0p
Highest market value (pence)	6.0p	38.0p
Lowest market value (pence)	1.0p	6.0p

2006 Option Plan

In June 2006 and other times subsequently, key personnel in the Group were offered the opportunity to participate in the 2006 Option Plan. Share options are awarded to employees at the discretion of the Board. Options will normally vest after two years if an employee remains in service. Options will only vest before the two years continuous service when there has been a flotation or change of control in New Look Retail Group Limited (or its holding company), or when the employee leaves the Group as a result of redundancy, injury/illness/disability, or death.

Options may normally only be exercised during a period of eight years commencing on the second anniversary of the date of grant of the option, as long as the employee remains in service. At 24 March 2012, 2,612,105 (2011: 5,398,875) options were outstanding, with the earliest exercise date being 30 June 2008, assuming that the full vesting period is satisfied.

Details of the 2006 Option Plan share options outstanding during the period are as follows:

	March 2011 – March 2012 Number of share options 000s	March 2010 – March 2011 Number of share options 000s
Outstanding at the beginning of the period	5,398	12,909
Granted in the period	—	1,149
Exercised in the period	(745)	(1,340)
Lapsed in the period	—	(7,270)
Forfeited in the period	(2,041)	(50)
Outstanding at the end of the period	2,612	5,398
Exercisable at the end of the period	2,612	3,280
Weighted average remaining contractual life (months)	55 months	82 months
Weighted average share price at the date of exercise (pence)	24.6p	37.6p
Weighted average exercise price (pence)	14.0p	23.0p
Market value at period end (pence)	1.0p	6.0p
Highest market value (pence)	6.0p	38.0p
Lowest market value (pence)	1.0p	6.0p

Fair value of equity-settled share based payment schemes

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 the expense is spread to the estimated date of a change of control of the Group.

As the employees acquired the beneficial interest in their shares at fair value under the Senior Management Scheme and the 2004 Share Scheme, there is no charge to the income statement for these equity-settled transactions.

The weighted average fair value of the share options granted under the 2006 Option Plan and the 2008 Share Plan was calculated at the date of grant using the Black-Scholes option pricing model. The following table lists the inputs to the model used for the two plans for the periods ended 24 March 2012 and 26 March 2011:

	24 March 2012 2006 Option Plan	24 March 2012 2008 Share Plan	26 March 2011 2006 Option Plan	26 March 2011 2008 Share Plan
Weighted average fair value (pence)	14.46	3.98	14.40	8.47
Weighted average share price (pence)	38.00	11.00	38.00	24.00
Exercise price (pence)	38.00	1.00 to 25.00	38.00	25.00
Expected volatility (%)	38.10	31.90 to 46.70	49.10	38.50 to 43.40
Expected life of option (years)	5.10	3.00 to 5.92	3.10	2.00 to 4.00
Dividend yield (%)	0.00	0.00 to 2.00	0.00	0.00 to 2.00
Risk-free interest rate (%)	2.75	2.25 to 2.75	4.25	3.38 to 4.50

Expected share price volatility was 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 management's estimated date of a change of control of the Group and is not necessarily indicative of exercise patterns that may occur.

The table below reconciles the total number of unallocated shares controlled by the ESOPs for all share schemes operated by the Group for each period end.

	As at	
	24 March 2012	26 March 2011
	Number	Number
	000s	000s
Shares controlled by the ESOPs at the beginning of the period	45,965	7,369
Shares allocated under 2006 Option Plan	—	(1,149)
Shares allocated under 2008 Share Plan	(16,500)	—
Share options exercised in 2006 Option Plan	745	1,340
Shares repurchased from 2006 Option Plan	2,041	7,320
Shares purchased from Senior Management Scheme	18,500	13,368
Shares purchased by the ESOPs in the period	23,921	17,717
Shares controlled by the ESOPs at the end of the period	74,672	45,965

Share based payments also include a cash settled element for 'Good Leavers'. The income statement is charged with the change in fair value relating to the estimate at the balance sheet date of the number of 'Good Leavers' likely to arise before any change in control of the Group.

Amendments were made to the scheme rules during the prior year that clarified what will happen to all awards in the event of a listing. One amendment introduced lock-in arrangements for senior management in the event of a listing. These lock-in arrangements lapsed on 1 July 2010 as no listing had occurred. There was no change to the fair value of these awards as a result of these amendments.

30. Share based payments (continued)

Effect on financial statements

The effect of accounting for share based payments, in accordance with IFRS 2, on the Group's loss before taxation (2011: profit) for the periods is as follows:

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Equity settled share based payment schemes	(0.9)	(0.1)
Cash settled share based payment schemes	1.8	1.2
Total share based payment expense	0.9	1.1

31. Share capital

	Share capital	Share premium	Treasury shares	Total
	£m	£m	£m	£m
At 27 March 2010	10.4	0.6	(14.0)	(3.0)
Shares purchased in the period	—	—	(5.1)	(5.1)
At 26 March 2011	10.4	0.6	(19.1)	(8.1)
Shares purchased in the period	—	—	(3.0)	(3.0)
At 24 March 2012	10.4	0.6	(22.1)	(11.1)

The total number of authorised Ordinary A shares is 200.0 million each period end and the total number of Ordinary B shares is 1,000.0 million each period end. All shares have a par value of 1.0p.

The total number of allotted, called up and fully paid Ordinary A shares is 157.6 million and the total number of allotted, called up and fully paid Ordinary B shares is 879.1 million at each period end. All shares have a par value of 1.0p.

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

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.

32. Reconciliation of movements in equity

	Reverse acquisition reserve	ESOPs reserve	Hedging reserve	Translation reserve	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
At 27 March 2010	(285.3)	1.7	(2.4)	26.6	(6.6)	(266.0)
Total comprehensive income and expense for the period	—	—	(13.5)	(7.3)	(2.9)	(23.7)
Tax on total comprehensive income and expense for the period	—	—	3.8	0.3	—	4.1
Share based payment charge	—	—	—	—	5.9	5.9
ESOPs shares unallocated in the period	—	(1.1)	—	—	—	(1.1)
Reserve transfer for exercised shares in the period	—	0.2	—	—	(0.2)	—
At 26 March 2011	(285.3)	0.8	(12.1)	19.6	(3.8)	(280.8)
Total comprehensive income and expense for the period	—	—	11.1	(10.7)	(38.0)	(37.6)
Tax on total comprehensive income and expense for the period	—	—	(3.1)	0.7	—	(2.4)
Purchase of treasury shares	—	—	—	—	3.0	3.0
Share based payment charge (note 30)	—	—	—	—	(0.9)	(0.9)
ESOPs shares unallocated in the period	—	(0.2)	—	—	0.2	—
Reserve transfer for exercised shares in the period	—	0.1	—	—	(0.1)	—
At 24 March 2012	(285.3)	0.7	(4.1)	9.6	(39.6)	(318.7)

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 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.

33. 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.

At 24 March 2012, the ESOPs held 117,185,649 (2011: 98,685,649) Ordinary A shares of 1.0p each in New Look Retail Group Limited and 323,408 (2011: 323,408) Ordinary B shares of 1.0p each in New Look Retail Group Limited.

The initial consideration paid for ordinary shares in New Look Retail Group Limited held by the ESOPs has been shown as a deduction in capital and reserves as treasury shares. All other assets, liabilities, income and costs of the ESOPs have been incorporated into the accounts of the Group.

34. Retirement benefit schemes

The Group operates a defined contribution scheme in the UK. At 24 March 2012, £0.1 million (2011: £0.1 million) was outstanding in respect of contributions payable to personal pension schemes. The pension cost recognised in the income statement was £1.2 million (2011: £1.1 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 December 2010 by an independent actuary, using the projected unit method. The major assumptions were:

	As at	
	24 March 2012	26 March 2011
	%	%
Rate of increase in salaries	2.5 - 3.0	2.5 - 3.0
Rate of employment growth	2.0 - 3.0	2.0 - 3.0
Discount rate	5.0	5.0
Price inflation	2.0	2.0

The liability at 24 March 2012 was £1.0 million (2011: £0.9 million), which is included in accruals. The pension cost recognised in the income statement was £0.9 million (2011: £0.7 million).

35. Related party transactions

ESOPs

At the end of the financial period, the ESOPs owed New Look Retail Group Limited £24.4 million (2011: £20.4 million).

Lease Agreement

The Group paid rent of £0.2 million (2011: £0.2 million) to the Singh Property Partnership in which T Singh is a partner, under the terms of a lease for ancillary offices and warehouses. The lease, which expires on 21 March 2013, is subject to five-yearly, upward only, rent reviews to market value.

Franchise Agreement

On 1 February 2007, the Group entered into 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 owns 29,737,833 Ordinary B shares (2011: 29,737,833) in the Company in the name of Quillian Investments Corporation.

The agreement relates to the opening of new stores under the New Look brand in the Middle Eastern territories of UAE, Kuwait, Saudi Arabia, Qatar, Oman, Jordan and Bahrain. An amendment has been made to this agreement to exclude Oman and Jordan, replacing them with Egypt instead. In addition, payment terms were varied to 60 days from 30 days, the handling fee was removed from 1 January 2010 and the territory fee payment dates for UAE and Saudi Arabia were extended to the first renewal date in those territories rather than being due on 1 April 2009.

The Group receives fees in return for granting exclusivity in the territories mentioned, in addition to a royalty for the supply of goods. An amount of £1.8 million (2011: £nil) was agreed with and invoiced to Landmark in the financial period as a result of renewing the franchise agreement for another term. £1.4 million (2011: £1.0 million) has been recognised through the income statement being the amortisation of the fee over the term of the agreement.

Transactions with franchisee

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Sale of goods and handling charges	30.2	21.0
Franchise royalty income	1.4	1.0
Cost of sales	(29.0)	(18.3)

	As at	
	24 March 2012	26 March 2011
	£m	£m
Balance due from franchisee at the end of the financial period	5.0	3.2

Included within the balance due from franchisee is a provision of £nil (2011: £nil).

Transactions with Directors and key management

As at 24 March 2012, there were loans outstanding with one key manager (2011: one), totalling £0.4 million (2011: £0.7 million) in connection with their purchase of the beneficial interest in shares under the 2008 Share Plan (note 30). Interest on the 2008 Share Plan loan is charged at the applicable HMRC rate and is repayable in full on exercise of shares and change in control of the business. In addition, C McPhail acquired beneficial ownership of shares under the terms of the 2008 Share Plan as at 30 April 2009 by way of a loan from ESOP1. During the prior financial period, C McPhail was an other leaver and as at 26 March 2011, the outstanding loan balance was £1.9 million, which is repayable in full on sale of the shares and change of control of the business. Interest was charged on this loan at the applicable HMRC rate up to the end of the last tax year of C McPhail's employment with New Look.

The following transactions have occurred between the Group and Directors and key management:

	As at	
	24 March 2012	26 March 2011
	£m	£m
Investment in PIK loan	6.5	9.1

In June 2006 certain Directors and key management used funds received from the sale of part of their existing shareholdings to reinvest £12.7 million in the PIK loan.

Two Directors/key managers with an investment of £3.2 million as at 26 March 2011, no longer hold active roles in the Group.

During the period £0.6 million (2011: £0.8 million) of interest was rolled up into the PIK, £nil (2011: £nil) of additional PIK loan was purchased and £nil (2011: £nil) disposed of by Directors and key management.

Transactions with private equity investors

A monitoring fee was paid to each private equity investor during the period, details of which can be found in note 8b.

	As at	
	24 March 2012	26 March 2011
	£m	£m
Investment in PIK loan	124.8	113.5

During the financial period £nil (2011: £nil) of PIK loans were purchased, £nil (2011: £nil) was disposed of by entities advised by a private equity investor and £11.3 million (2011: £9.9 million) of interest was rolled up into the PIK during the period.

Transactions with joint venture

	For the financial periods	
	52 weeks ended 24 March 2012	52 weeks ended 26 March 2011
	£m	£m
Purchases from joint venture	23.6	19.2

Included within the trade receivables is a balance of £2.1 million (2011: £0.1 million) owed by the joint venture, which has been fully provided for in the year (2011: no provision).

Included within trade payables is a balance of £1.3 million (2011: 0.9 million) owed to the joint venture.

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

36. Investment in subsidiaries

The principal 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 are consolidated into the financial results of the Group.

Subsidiary	Country of incorporation and operation	Main activity
Pedalgreen Limited ⁽¹⁾	England and Wales	Intermediate holding company
Trinitybrook Limited	England and Wales	Intermediate holding company
Hamperwood Limited	England and Wales	Intermediate holding company
New Look Group Limited	England and Wales	Intermediate holding company
New Look Limited	England and Wales	Intermediate holding company
New Look Retailers Limited	England and Wales	Fashion Retail
Geometry Properties Limited	England and Wales	Property trading and rental
New Look Overseas Limited	England and Wales	Intermediate holding company
New Look Retailers (CI) Limited	Guernsey	Fashion Retail
NL Company No.1 Limited	Guernsey	Intermediate holding company
NL Company No. 2 Limited	Guernsey	Intermediate holding company
NL Company No. 3 Limited	Guernsey	Intermediate holding company
Guernsey 4 Limited	Guernsey	Intermediate holding company
New Look Holdings (France) SAS	France	Intermediate holding company
Mim SAS	France	Fashion Retail
SCI Geometry Properties France	France	Property trading and rental
New Look France SAS	France	Fashion Retail
New Look Belgium NV	Belgium	Fashion Retail
MIM Belgique	Belgium	Fashion Retail
New Look Holland BV	Holland	Fashion Retail
New Look (Singapore) PTE Limited	Singapore	Logistics and freight management
New Look Retailers (Ireland) Limited	Republic of Ireland	Fashion Retail

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

A full list of subsidiary undertakings as at 24 March 2012 will be annexed to New Look Retail Group Limited's next annual return.

In addition, the Group has a 50% stake in the ordinary share capital of NLT Tekstil Sanayi Ve Ticaret Limited Đirketİ, a joint venture incorporated in Turkey, whose principal trading activity is retail manufacturing.

37. Ultimate controlling party

New Look Retail Group Limited is the ultimate parent of the Group. The Apax Funds and the Permira Funds each hold 27.7% of the total issued share capital.

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

We have audited the parent company financial statements of New Look Retail Group Limited for the period ended 24 March 2012 which comprise the Company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statment of Directors' Responsibilities on page 30 of the Group financial statements, the Directors are responsible for the preparation of the parent company 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 parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent 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.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 24 March 2012;
- 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Other matter

We have reported separately on the Group financial statements of New Look Retail Group Limited for the period ended 24 March 2012.



ALAN KINNEAR (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
25 May 2012

The maintenance and integrity of the New Look Retail Group Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NEW LOOK RETAIL GROUP LIMITED

COMPANY BALANCE SHEET

	Notes	As at	
		24 March 2012	26 March 2011
		£m	£m
Fixed assets			
Investments	5	34.5	33.6
Current assets			
Other debtors (including £1.9 million (2011: £5.8 million) due after one year)		1.9	5.8
Cash		0.2	–
Current liabilities			
Creditors: Amounts falling due within one year	6	(28.3)	(25.9)
Net current liabilities		(26.2)	(20.1)
Total assets less current liabilities		8.3	13.5
Creditors: Amounts falling due after more than one year	7	(2.1)	(5.7)
Net assets		6.2	7.8
Capital and reserves			
Called up share capital	9	10.4	10.4
Share premium	10	0.6	0.6
Treasury shares	11	(22.1)	(19.1)
ESOP reserve	12	0.7	0.8
Profit and loss reserve	13	16.6	15.1
Total equity shareholders' funds	14	6.2	7.8

The financial statements on pages 84 to 89 were approved by the Board of Directors on 25 May 2012 and were signed on its behalf by:



ALASTAIR MILLER
CHIEF FINANCIAL OFFICER

NEW LOOK RETAIL GROUP LIMITED
REGISTRATION NUMBER: 05810406

NEW LOOK RETAIL GROUP LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Authorisation of financial statements

The financial statements of New Look Retail Group Limited for the 52 weeks ended 24 March 2012 were authorised for issue by the Board of Directors on 25 May 2012 and the balance sheet was signed on the Board's behalf by Alastair Miller.

New Look Retail Group Limited, a private limited company, is incorporated in England and Wales and is the ultimate parent company of the New Look Group of companies.

2 Accounting policies

The financial statements of the Company, for the financial period ended 24 March 2012 have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK Generally Accepted Accounting Principles (UK GAAP). The principal accounting policies which have been applied consistently, are set out below.

Basis of preparation

The Company has taken advantage of the exemption under the terms of FRS 1 (revised 1996) from the requirement to produce a cash flow statement. A consolidated cash flow statement is included in the Group's financial statements. The Company has also taken advantage of the exemption contained in FRS 8 from the requirement to disclose related party transactions with wholly owned group companies. 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.

Investments

Investments are stated at cost less provisions for impairment. The need for any impairment write down is assessed by comparison of the carrying value of the asset against the higher of its net realisable value or its value in use.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are

expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax has not been discounted.

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.

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 30 of the Group financial statements.

Shares held by ESOP

The ESOP provides for the issue of shares to Group employees and is consolidated. The shares acquired by the ESOP are included as treasury shares within capital and reserves at cost. Gains made by the ESOP on purchasing and selling Company shares are recorded within a separate ESOP reserve.

3 Loss of the Company

The loss for the financial period dealt with in the financial statements of the Company was £740,000 (2011: loss £483,000). The Company has no recognised gains or losses (2011: none) apart from the loss for the period and therefore no separate statement of gains and losses has been presented.

The fees payable for the audit are £10,000 (2011: £10,000). The aggregate remuneration paid to the auditors in relation to services received by the Group is disclosed in the consolidated financial statements in note 7.

4 Staff costs

New Look Retail Group Limited had no employees during the period. All of the Non-Executive Directors of the Company resigned in the prior period. The average number of Non-Executive Directors during the prior period was 2. The aggregate emoluments in respect of qualifying services for the prior period was £431,000. Details of Directors' remuneration are shown in note 8 to the Group consolidated financial statements.

5 Investments

	As at	
	24 March 2012	26 March 2011
	£m	£m
Cost and NBV at the start of the period	33.6	32.5
Capital contribution in respect of share based payments	0.9	1.1
Cost and NBV at the end of the period	34.5	33.6

Investments represent holdings in subsidiary undertakings.

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.

The principal 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 are consolidated into the financial results of the Group.

Subsidiary	Country of incorporation and operation	Main activity
Pedalgreen Limited ⁽¹⁾	England and Wales	Intermediate holding company
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New Look Retailers (Ireland) Limited	Republic of Ireland	Fashion Retail

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

A full list of subsidiary undertakings as at 24 March 2012 will be annexed to the Company's next annual return.

In addition, the Company has a 50% stake in the ordinary share capital of NLT Tekstil Sanayi Ve Ticaret Limited Sirketi, a joint venture incorporated in Turkey, whose principal trading activity is retail manufacturing.

6 Creditors: amounts falling due within one year

	As at	
	24 March 2012	26 March 2011
	£m	£m
Amounts owed to Group undertakings	27.9	23.9
Other taxation and social security	0.3	0.4
Corporation tax	0.1	–
Liability for cash-settled share based payments	–	1.6
	28.3	25.9

Amounts owed to Group undertakings bear interest at LIBOR plus 2.25%, are unsecured and repayable on demand.

7 Creditors: amounts falling due after more than one year

	As at	
	24 March 2012	26 March 2011
	£m	£m
Other creditors	0.9	5.0
Other taxation and social security	0.5	0.4
Liability for cash-settled share based payments	0.7	0.3
	2.1	5.7

8 Financial commitments

The Company had no capital commitments at 24 March 2012 (2011: none).

9 Called up share capital

	As at	
	24 March 2012	26 March 2011
	£m	£m
Authorised:		
200,000,000 Ordinary A shares of 1p each	2.0	2.0
1,000,000,000 Ordinary B shares of 1p each	10.0	10.0
	12.0	12.0
Allotted, called up and fully paid:		
157,617,228 Ordinary A shares of 1p each	1.6	1.6
879,126,079 Ordinary B shares of 1p each	8.8	8.8
	10.4	10.4

On 9 May 2006, New Look Retail Group Limited was incorporated with 1 Ordinary share of £1 issued to Instant Companies Limited. On 19 May 2006, New Look Retail Group Limited transferred the share to Permira Funds and issued 1 Ordinary share of £1 to Apax Funds so that it was jointly and equally held. On 1 June 2006 each £1 Ordinary share was converted into 100 Ordinary B shares of 1p.

On 7 June 2006, to acquire shares of Pedalgreen Limited, a further 287,183,785 Ordinary B shares of 1p each were issued to Apax Funds and a further 287,183,786 Ordinary B shares of 1p each were issued to Permira Funds and a coinvestor. 155,000,000 Ordinary A shares of 1p each and the remaining 304,758,308 Ordinary B shares of 1p each, were issued to the remaining shareholders of Pedalgreen Limited. At that date the Company became the ultimate holding company of Trinitybrook Limited as part of the Group reorganisation pursuant to the share for share exchange arrangement, in which

9 Called up share capital (continued)

100% of the voting shares of Pedalgreen Limited were acquired by New Look Retail Group Limited.

In the 2007 financial statements New Look Retail Group Limited took advantage of section 131 Merger Relief under the Companies Act 1985 in preparing its financial statements. No share premium has been recognised on the issue of these shares.

On 30 April 2009 2,148,568 Ordinary A shares of 1.0p and on 21 August 2009 468,660 Ordinary A shares of 1.0p were issued at 25.0p for the purposes of the 2008 Share Plan. The share premium arising from these issues is shown in note 10. The 2008 Share Plan is one of the Group's share based payment arrangements shown in note 30 of the Group financial statements and is operated through an ESOP discussed in note 11.

10 Share premium

	As at	
	24 March 2012	26 March 2011
	£m	£m
Share premium as at 24 March 2012 and 26 March 2011	0.6	0.6

11 Treasury shares

The initial consideration paid for ordinary shares in the Company held by the ESOP has been shown as a deduction in capital and reserves as treasury shares. All other assets, liabilities, income and costs of the ESOP have been incorporated into the financial statements of the Company.

The ESOP has an independent professional trustee resident in Guernsey and provides for the issue of shares to Group employees, at the discretion of the Trustee.

At 24 March 2012 the ESOP held 117,185,649 (2011: 98,685,649) Ordinary A shares of 1.0p each in the Company and 323,408 (2011: 323,408) Ordinary B shares of 1.0p each in the Company.

	As at	
	24 March 2012	26 March 2011
	£m	£m
Opening treasury shares	(19.1)	(14.0)
Share purchased in the period	(3.0)	(5.1)
Closing treasury shares	(22.1)	(19.1)

12 ESOP reserve

	As at	
	24 March 2012	26 March 2011
	£m	£m
Opening ESOP reserve	0.8	1.7
Shares unallocated in the period	(0.2)	(1.1)
Reserve transfer for exercised shares in the period	0.1	0.2
Closing ESOP reserve	0.7	0.8

13 Profit and loss reserve

	As at	
	24 March 2012	26 March 2011
	£m	£m
Opening profit and loss reserve	15.1	9.9
Loss for the financial period (note 3)	(0.7)	(0.5)
Reserve transfer for exercised shares in the period	(0.1)	(0.2)
Share based payment (charge)/credit	(0.9)	5.9
Purchase of treasury shares and beneficial rights	3.2	–
Closing profit and loss reserve	16.6	15.1

14 Reconciliation of movement in equity shareholders' funds

	As at	
	24 March 2012	26 March 2011
	£m	£m
Loss for the financial period (note 3)	(0.7)	(0.5)
Shares issued to ESOP from treasury shares (note 11)	(3.0)	(5.1)
Shares purchased and unallocated in the period (note 12)	(0.2)	(1.1)
Purchase of treasury shares and beneficial rights (note 13)	3.2	–
Share based payment (charge)/credit (note 13)	(0.9)	5.9
Net movement in shareholders' funds	(1.6)	(0.8)
Opening shareholders' funds	7.8	8.6
Closing shareholders' funds	6.2	7.8

15 Contingent liability

The Company is party to a cross guarantee on the UK borrowing facilities of the New Look Retail Group Limited Group, which amounts to a £50.0 million (2011: £50.0 million) undrawn committed revolving multi-currency facility as at 24 March 2012. This facility expires in less than one year.

16 Related party transactions

The Directors of the Company had no material transactions with the Company during the period, other than the loans that were outstanding in connection with their purchase of the beneficial interest in shares under the 2008 Share Plan as disclosed in note 35 of the consolidated financial statements.

17 Ultimate controlling party

New Look Retail Group Limited is the ultimate parent of the Group and is the largest and smallest group of undertakings to include these financial statements in their consolidation. The Apex Funds and the Permira Funds each hold 27.7% of the total issued share capital.

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ANNUAL REPORT AND ACCOUNTS 2012

New Look Retail Group Limited

Mercery Road,
Weymouth,
Dorset,
DT3 5HJ, UK

Registered in England and Wales under company number 0581 04 06