



Annual Report & Accounts

2013

NEW LOOK

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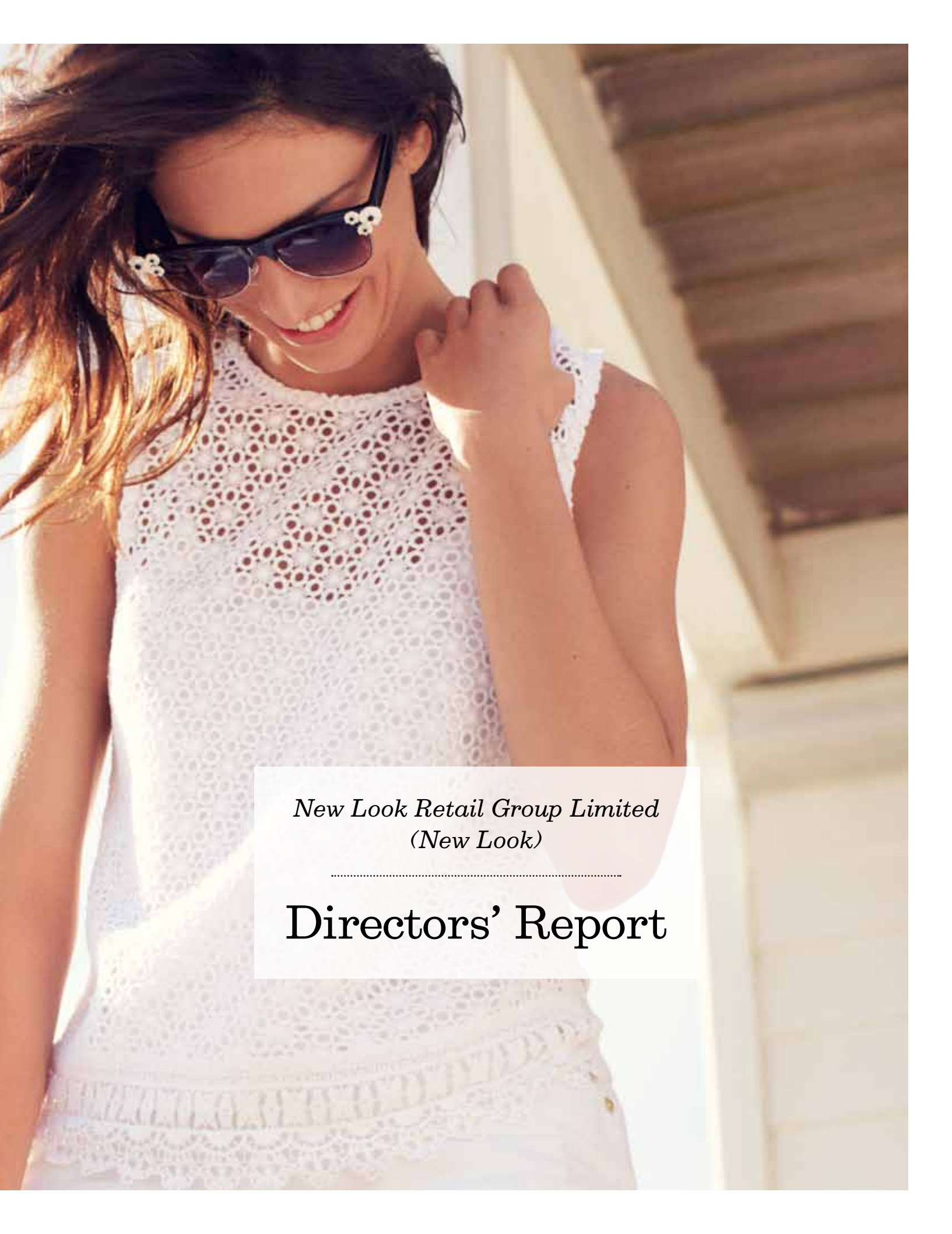
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New Look Retail Group Limited
(New Look)

Directors' Report



Our Business Today

WE ARE THE UK'S
LARGEST RETAILER
(BY VALUE) OF
CLOTHING AND
ACCESSORIES FOR
WOMEN UNDER 39*



WE HAVE
OVER 1,100
STORES
ACROSS THE
GLOBE



OUR
FRANCHISE
BUSINESS
NOW OPERATES
126 STORES
IN 20 MARKETS



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



WE ARE THE
NO. 1 BY
VOLUME IN
THE DRESSES
MARKET*



WE ARE THE
NO. 2 VALUE
RETAILER FOR
WOMENSWEAR IN
THE UK*



WE ARE
NO. 2 IN UK'S
WOMEN'S
FOOTWEAR
BY VALUE*



APPROX. 2M
'LIKES' ON
FACEBOOK



* Source: KantarWorldpanel, 52 w/e 17 March 2013

Directors' Report

Our Stores

.....

Today we have over 1100 stores globally, supported by an established and growing e-commerce presence

.....

E-Commerce now serves over 120 countries across the globe from our UK website

■ Regions with physical stores
■ E-commerce regions



Azerbaijan

Franchise stores 1 (2012: 0)
Space 5,000 (2012: 0) sq ft

Armenia

Franchise stores 1 (2012: 0)
Space 6,000 (2012: 0) sq ft

Belgium

New Look stores 10 (2012: 12)
Space 100,000 (2012: 113,000) sq ft
Mim stores 5 (2012: 6)
Space 11,000 (2012: 16,000) sq ft

Croatia

Franchise stores 2 (2012: 2)
Space 10,000 (2012: 10,000) sq ft

France

New Look stores 30 (2012: 31)
Space 242,000 (2012: 243,000) sq ft
Mim stores 280 (2012: 293)
Space 612,000 (2012: 634,000) sq ft
Mim affiliate stores 48 (2012: 17)
Space 104,000 (2012: 36,000) sq ft

Germany

New Look stores 5 (2012: 0)
Space 8,000 (2012: 0) sq ft

Georgia

Franchise stores 1 (2012: 0)
Space 5,000 (2012: 0) sq ft

Libya

Franchise stores 1 (2012: 0)
Space 4,000 (2012: 0) sq ft

Malta

Franchise stores 3 (2012: 3)
Space 18,000 (2012: 18,000) sq ft

Montenegro

Franchise stores 1 (2012: 1)
Space 5,000 (2012: 5,000) sq ft

Morocco

Franchise stores 1 (2012: 1)
Space 7,000 (2012: 7,000) sq ft
Mim affiliate stores 3 (2012: 0)
Space 5,000 (2012: 0) sq ft

Netherlands

New Look stores 13 (2012: 8)
Space 45,000 (2012: 33,000) sq ft

Poland

Franchise stores 11 (2012: 8)
Space 62,000 (2012: 51,000) sq ft

Republic of Ireland

New Look stores 29 (2012: 29)
Space 245,000 (2012: 245,000) sq ft

Romania

Franchise stores 7 (2012: 4)
Space 29,000 (2012: 19,000) sq ft

Russia

Franchise stores 19 (2012: 20)
Space 134,000 (2012: 150,000) sq ft

Serbia

Franchise stores 1 (2012: 1)
Space 3,000 (2012: 3,000) sq ft

Ukraine

Franchise stores 5 (2012: 3)
Space 24,000 (2012: 20,000) sq ft

United Kingdom

New Look stores 589 (2012: 600)
Space 4,050,000 (2012: 4,051,000) sq ft

Indonesia

Franchise stores 8 (2012: 3)
Space 32,000 (2012: 14,000) sq ft

Singapore

Franchise stores 6 (2012: 5)
Space 30,000 (2012: 29,000) sq ft

Thailand

Franchise stores 1 (2012: 0)
Space 4,000 (2012: 0) sq ft

Middle East

Franchise stores 57 (2012: 52)
Total space 380,000 (2012: 353,000) sq ft

Franchise stores

United Arab Emirates	14
Kuwait	2
Saudi Arabia	38
Bahrain	3



Chairman's letter

New Look: a trusted brand that knows its customer and what she wants

New Look delivered an improved performance for FY13 despite prevailing macro-economic challenges and continuing low consumer confidence



Our three-point turnaround plan of cost savings, margin improvement and revenue growth enabled us to deliver strong results and continue to re-invest in our business.

Although last summer's unseasonal weather certainly affected consumer spending, our first half LFL sales were -3.3% compared with -7.1% in the equivalent period of FY12. And, despite further weather challenges in midwinter and again in March 2013, our LFL sales continued to improve in the second half of the financial year at +1.7%, leading to annual LFL sales of -0.7% (2012: -5.9%). This performance, coupled with tight stock control, cost efficiencies and savings, has helped us improve our Adjusted EBITDA (as defined on page 44) by 29.1% to £189.2m (2012: £146.6m) and achieve significant cash generation.

Astute trialing and shorter lead times ensured we had more of the right product in-store and online at the right time, and allowed us to back winners such as onesies and midi-dresses. This meant we were able to improve margins by selling more product at full price, while containing markdowns and overall stock levels. Our renewed focus on value led us to successfully re-evaluate our price architecture. We also improved our analysis of (and speed of response to) key trends, while limiting our exposure to poor weather conditions by better product transitioning between seasons.

We have maintained or in some cases extended our significant UK market share in key product categories such as denim, dresses, knitwear and footwear. Overall, New Look remains the UK's second biggest womenswear brand by value, and the number one clothing and accessories brand, in value, for women under 39. We are the clear market leader in our distinctive, highly attractive proposition of value fashion.

Although we have closed a number of underperforming stores as part of our lease renewal programme, our UK reach (93% of total population) remains more extensive than any of our key competitors. We've worked hard to give customers an engaging and inspirational experience, whether shopping with us online or in any of our physical stores. Within the past twelve months, almost a quarter of New Look's UK estate has been refitted in our new "Concept" format, which is delighting shoppers.

We are starting to become a truly multi-channel business, with significant growth in online sales. In March 2013, Experian Hitwise measured

newlook.com the third most visited online website in the UK's clothing and accessories sector, and we are shipping to over 120 countries worldwide. In addition to home delivery, Order-In-Store and Click & Collect give customers service options designed to fit conveniently around their lifestyles. We have established mobile apps, and we've been trialing innovative point of sale technology that allows in-store customers to access rich content via their smart phones and tablets. It is a small part of our drive for cohesion and consistency of customer experience across all channels. Already, approximately 2 million people 'like' us on Facebook.

All of these successes and advances have been made possible by the energy and commitment of our brilliant, hardworking people whom I wish to thank. The business now has a much stronger framework and focus than ever before. By establishing a clear leadership message that identifies our visions and objectives, we have empowered our talented decision-makers to be bolder and more confident in all that they do.

Everyone at New Look is clearer than ever about exactly who our customer is and what she (or he) wants from us. And, thanks to the year's extensive programme of training workshops, everyone from support centres to our smallest stores is on-message and pursuing the same clearly defined business goals throughout the UK and much further afield. At this exciting time I'm especially delighted to welcome Anders Kristiansen, who joined us in January 2013 as Chief Executive Officer. Previously, he was Vice Chief Executive of Bestseller Fashion Group in China, where he helped establish over 5,500 stores, and prior to that he held senior directorships at Staples Inc, Lyreco Asia Pacific and Lyreco Europe. His experience in key foreign markets will be invaluable in realising New Look's significant global growth potential.

Finally, since our financial year end, I am delighted to report that we have successfully refinanced our debt, extending our debt maturities to 2018. This gives us a much improved capital structure and enables us to focus on the delivery of our strategy and business improvement.

A K McGeorge

Alistair McGeorge
Executive Chairman

24 May 2013



Directors' Report

CEO's Statement

This feels like a very exciting time to have joined New Look

I applaud the achievements of the past financial year - not only the containment of costs, but also an impressive improvement in underlying profitability



My first impressions suggest that New Look has a very exciting future. Our product ranges are widely admired for their style and value which are the two key building blocks of our

value fashion model. And we are making good progress in ensuring that our supply chain is fast and flexible. A combination of strong stock management and greater flexibility in buying commitments has clearly contained markdowns. But there's always more we can do. We're now focusing on better ways of presenting our great product in-store and online too. Higher standards in visual merchandising are key to making New Look stores the most exciting places to shop on the high street. And we're also working towards effective integration of all channels into a seamless customer experience. From interactive window displays to the inspirational get-the-celebrity-look features we run on our lively online magazine NL Daily, we're ensuring New Look is the place women (and men too) want to shop for the compelling proposition we call value fashion.

New Look, today, is a widely recognised and trusted brand appealing to a broad customer base and generating exceptional levels of customer loyalty. Research tells us that over 40% of UK women have shopped at New Look and 30% of our customers identify New Look as their favourite of all fashion brands.

We also have an important international foothold, through our network of wholly-owned, partnered and franchise stores, supported by a growing online and social presence. Although many of our non-UK stores make a very significant contribution (the New Look store in Les Halles, Paris, for example, is consistently within our top ten performers), we are still in the earliest stages of fulfilling growth potential outside the UK. We believe New Look is now well positioned to exploit exciting development opportunities of new markets in eastern Europe and south-east Asia – specifically Russia and China. As our future expansion strategy is for depth rather than breadth, we aim to concentrate on markets where we can develop a significant presence.

New Look's turnaround plan hasn't been a short-term fix; it's an ongoing strategy to enhance performance. The company is building a culture that continues to challenge how every pound is spent. And we're constantly re-evaluating our ways of working to maximise efficiency within processes and systems. For our value-fashion model to succeed, we know we must ride the crest of every trend, and to improve margins (and limit markdowns), we need to ensure our first price is always the right price. We have very experienced people at the helm, and they have established an inspirational leadership message that details our vision and our mission – focusing on the five pillars of the New Look business (as shown on the next pages) and the specific values that distinguish our operation. This is our framework for future success in the UK and much further afield too.



[illegible]

New Look operates a unique and compelling value-fashion proposition that sets it apart from competitors. It is the clear market leader in the value fashion category. It also maintains an impressive share of the total UK womenswear market (number 2 by value), and is the UK's biggest retailer (by value) of clothing and accessories for women under 39'. New Look sell more women's jeans than anyone else* and is also the UK's number 2 brand (in volume and value) for women's footwear*. We remain committed to providing desirable crest-of-trend fashion at attractive prices in engaging physical and online environments. The enhanced layout and exciting visual merchandising of our new 'Concept' format delivers all the promise of our marketing campaigns, as well as cohesion and consistency with our online experience.

The customer is key to all that we do. But none of our business goals can be achieved without the dedication and hard work of our staff at every level from senior management to shop floor. We're continuing to invest in them through the New Look Academy, Leadership development and our other extensive training initiatives. We want them to feel motivated, empowered and above all valued. According to responses in a recent survey, 93% of our customers consider New Look staff "friendly and willing to help."

New Look must deliver authoritative yet affordable versions of key trends alongside wardrobe basics. Our profiling model (which identifies each of our key target customers) helps ensure the appeal and appropriateness

of everything we buy. We're working hard to limit inherent fashion risk through more effective analytical trialing, and greater flexibility in our forward buying commitments allow us to optimise timing and back winners. We are also improving our range transitioning between seasons to mitigate the impact of unseasonal weather conditions. To inspire best working practices, high quality standards, and the fastest turnaround times, we treat our suppliers as valued business partners who share our goals and benefit from our success.

Already we have almost as many stores around the world (549) as in the UK (589). But there is hugely exciting potential for further growth and expansion via partner or franchise arrangements as well as online. We believe there is a global appetite for New Look's tried and tested value fashion model.

Successful future expansion will involve identifying key markets and developing them in depth – rather than a scattergun approach. Additionally, we must strive for greater cohesion between our international business operations and what we do within the UK. Without failing to take account of specific territorial requirements, the New Look customer experience must be consistent whether shopping in Birmingham or Beijing.

* Source: Kantar World Panel. 52 w/e 17 March 2013





Year in Review

*Better product,
better stores,
better performance*

*.....
New Look has responded
positively to prevailing
marketplace challenges
and embraced a
multi-channel strategy
for growth*

New Look is a widely recognised and trusted brand with a clear and distinctive value fashion proposition appealing to a broad customer base. We estimate approximately 13.7 million people within the UK were active New Look customers during FY13. We had at least 384 million visits to our stores and websites.

Group performance

In FY13, New Look built on the return to Adjusted EBITDA growth achieved during the second half of FY12. Despite continuing macro-economic challenges and low consumer confidence, the Group's improved performance signals not only a continuing focus on cost efficiencies but also our concerted drive to strengthen the appeal and profitability of product ranges and the environments (both real and virtual) in which they are presented.

Increases in total revenue (2.5% to £1.484 million) and Adjusted EBITDA (29.1% to £189.2 million) reflect the benefits of our store refurbishment programme and expanding e-commerce activities. But for any retailer or e-tailer, success is reliant on having the right product at the right price in the right place at the right time. Throughout FY13, we worked hard to ensure New Look's product offer was more appealing and accessible in terms of design, quality, price and availability without compromising our reputation for "newness".

Reaction to our ranges was positive, both within the UK and internationally. While consumer press commended our response to key trends and timely interpretations

of celebrity-inspired fashion looks, we maintained impressive market share in key product categories.

The marketplace

Consumer confidence shows little sign of recovery in the UK and western Europe, where concerns such as rising living costs, fuel cost inflation, a difficult employment market and fiscal austerity measures continue to affect overall spending capacity. In an atmosphere of such fragility, established spending patterns are more easily disrupted by phenomena such as adverse weather conditions and bad news weeks.

Yet, although consumers may be more cautious than ever about discretionary spend on items such as clothing and footwear, the value segment continues to out-perform the broader UK clothing market as it clearly benefits from a structural shift in shopping habits towards value brands that provide style and quality at modest prices.

As e-commerce continues to grow at the expense of traditional high streets, retailers with a strong multi-channel presence are specifically benefitting from changing shopping behaviour. Today's cautious consumers are increasingly likely to use a variety of channels to browse and make comparisons ahead of any purchase. A fully integrated combination of virtual and physical channels allows online shoppers convenient, lifestyle-relevant service options of home delivery or collection from a local store. Opportunities to order from the online offer in-store (or anywhere





Directors' Report

Year in Review

*New Look was the leading retailer by value in the UK for the under-25s womenswear market**

We are also the leading retailer for the under-39s knitwear market, by value, the under-39s dresses and accessories markets*, by volume and value*

in respect of potential new locations and relocations while taking into account the projected needs of our business in an era when rapid e-commerce growth is impacting on traditional high street shopping.

At the end of FY13, we operated 589 stores (approximately 4-million square feet of trading space) within the UK, in a geographical spread from the far north of Scotland to the tip of Cornwall. Our total catchment area currently covers 93% of the UK population – a more extensive reach than any of our key competitors.

Beyond the UK

In line with our overall growth strategy, our international presence was strengthened during the past twelve months with an increase in the number of non-UK stores (seven New Look International stores, 23 New Look franchise stores, and 20 Mim stores & affiliates) from 499 to 549. By the year end, our total non-UK trading space had extended to approximately 2.2 million square feet. And, through newlook.com, we now deliver to over 120 countries.

Despite the prevailing macro-economic challenges, our New Look stores in western Europe delivered an improved performance during FY13. However, there was a small decline in the sales performance of our Mim stores which have not as yet benefitted from an optimisation of sites and space, nor the focus and investment we've been able to channel into our New Look stores.

Our international operations have certainly benefitted from overall improvements in New Look BMD (Buying, Merchandising and Design), visual merchandising, and marketing. Better range management, leading to lower markdowns and increased margin were complimented by better store standards resulting from additional investment in training. Over 1,000 journalists, stylists,

bloggers and other opinion-formers attended each season's European press roadshow presentations.

Our 11,000 square feet store at Les Halles in central Paris remained one of the group's top performers throughout the year. Our new opening in Haarlem is our 12th concession within the Dutch V&D department store group. And, in September, we entered the German market, launching New Look concessions in key locations including the Karstadt department store on Kurfürstendamm in Berlin.

Further afield in FY13, we opened 23 franchise stores within 12 markets, half of which were new markets. Going forward our franchise strategy will shift towards consolidating our position within existing markets and concentrating on depth in these markets, in order to maximize territorial foothold and brand presence.

Product

According to Kantar Worldpanel, New Look was the second-largest retailer by value in the UK womenswear, with a 5.8% market share. We retained our number one volume share in denim. And, in dresses, we remained number one by volume and number two by value.

Overall, New Look was measured number one brand by value in the womenswear, footwear and accessories market for UK women under-39*. And around 44%* of the entire UK female population bought an item of womenswear from us during the financial year.

New Look also ranked as the UK's second-largest women's footwear retailer with a 6.4% share by value*, and the leading footwear retailer in the UK for women under-39 with 10.2%* market share by value.

* Source: Kantar World Panel, 52 w/e 17 March 2013





Directors' Report

Year in Review



Marketing

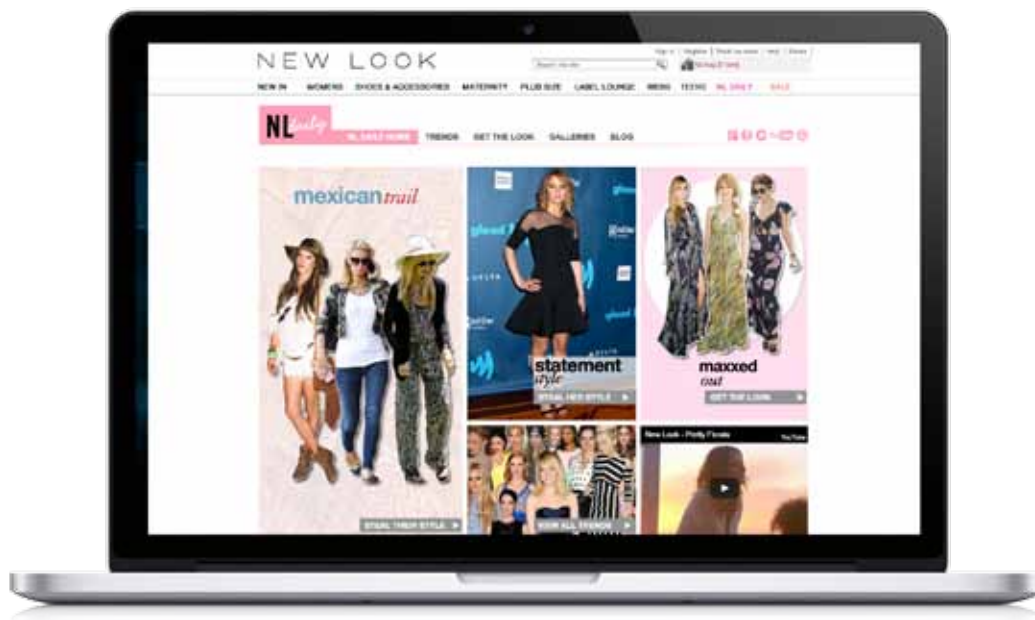
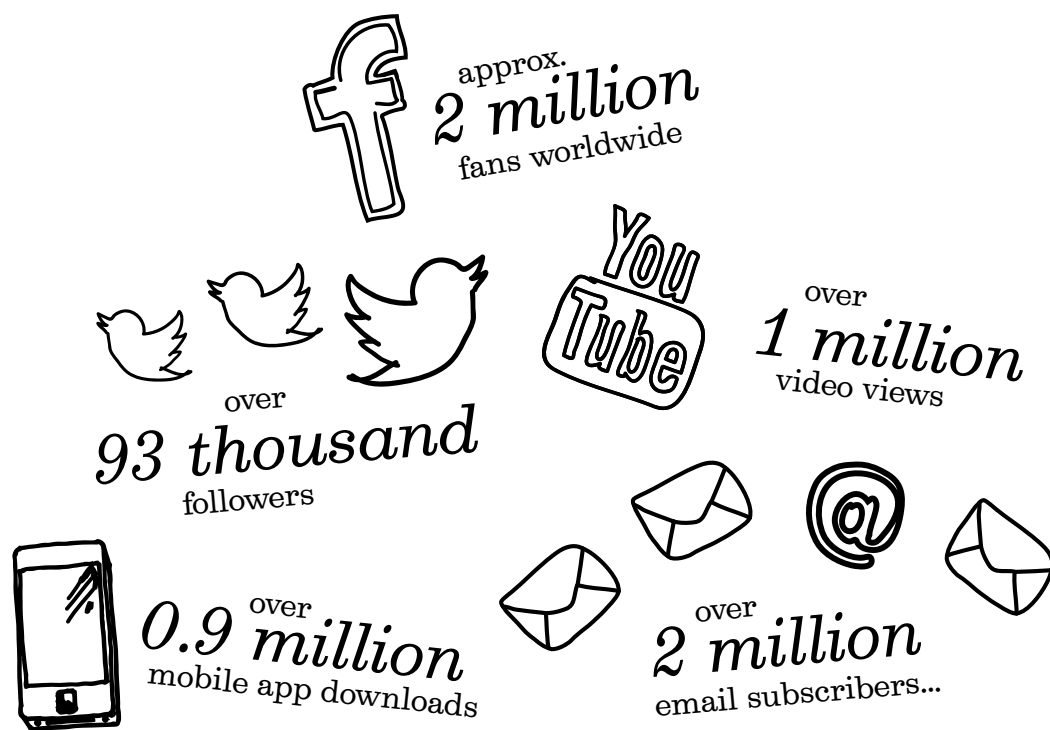
Over the past 12 months we have embarked on a brand project to re-define and articulate our brand. This has been important in our business vision that New Look should be the chosen brand for an inspiring and accessible fashion experience.

To ensure we place our customers at the heart of all that we do, we have identified and communicated distinct customer types, based on attitude to fashion and shopping habits. This model now will influence strategies throughout the business from buying and design through to targeted advertising and in-store visual merchandising.

Our project also identified the need for a more distinctive, instantly recognisable identity appropriate to New Look's unique value fashion proposition. In all aspects of marketing and visual merchandising, we are now focussing on presenting product in a way that tells our customers key fashion

stories while communicating our great values. These efforts, together with our continuing roll-out of the new 'Concept' format are helping us create a truly compelling shopping experience globally. The brand's enhanced image, based on the visual impact of all that we do, will support New Look's potential for growth in the UK and internationally.

Within our marketing activity, we are also testing new technologies to further excite and engage our customers. When our product collaboration with Kelly Brook was extended to include a colour cosmetics capsule range, we introduced interactive Blippar-enabled point of sale materials that allowed in-store customers to access rich content via their smart phones. We also adopted this technology to bring an interactive dimension to our window displays and add a fun dimension to our winter gift guide.



Directors' Report

Year in Review

*New Look is the
UK's number one
high street fashion
brand for social
media engagement**

*as measured by leading digital specialists Stickyeyes

Multi-channel engagement

Through innovative use of its social media platforms and a reputation for inspirational content, New Look has emerged as a trusted fashion authority. For many engaged users of our website and social media platforms, New Look now represents the primary source of celebrity-led trend information and other editorial fashion news. During FY13, *NL Daily* (our online magazine and blog) achieved over 3.7 million visits. By the year end, we had approximately 2 million people "liking" New Look on Facebook and over 93,000 following us on Twitter.



Our social media platforms have emerged as primary channels for two-way communication with customers. Throughout the year, our fast-moving Facebook wall and discussion forums were characterised by lively debate and invaluable feedback on topics ranging from availability of most-wanted products to our corporate policies.

We embraced a new raft of online marketing opportunities including direct emailing alongside cost-effective promotional initiatives such as our festive-themed fashion films (posted on Facebook and YouTube as well as newlook.com) featuring Christmas partywear plus the hugely successful onesie.

Leading digital specialists Stickyeyes measured New Look as the UK's number one high street fashion brand for social media engagement. Our activities scooped a number of coveted retail industry and consumer accolades, including Best Social Media at the Comfort Prima High Street Fashion Awards.

We further developed our transactional website at newlook.com, improving overall design and functionality as well as product presentation, and adding additional features including rotating images on the home page. We also extended the breadth of product choice available online to include a greater number of "exclusives" plus selections from famous name brands unavailable in-store.

Our variety of convenient, lifestyle-reflective service options (including Order-In-Store and Click & Collect) and the faster turnaround made possible by the switch to in-house fulfilment (via our newly extended Lymedale distribution centre) further enhanced the attractiveness of our e-commerce proposition.

All of this helped us enjoy increased levels of traffic to newlook.com. We recorded an average of 2.5 million visits per week throughout the year, and our conversion rate moved ahead from 2.1% in FY12 to 2.6%. Total e-commerce sales increased to £94.1 million – 50.1% ahead of FY12.



Corporate Responsibility

Operating in an ethical and sustainable manner is central to the way we do business at New Look

We build strong partnerships with our suppliers to ensure they fully share our considerations for people and the planet

Sustainable Business

Sustainability is central to our business. We want to do the right thing by the people with whom we work and the environments in which we operate. To us, this means taking into account all aspects of our activities, improving the lives of the people throughout our supply chain and minimising environmental impact in a way that makes business sense.

Through strong, sustainable partnerships with our suppliers and external experts, we work to integrate consideration for people and the planet into our business. Our focus on sustainability applies to everything from workers' rights to animal testing and our carbon footprint.

Ethical trading

Ethical trading is about providing quality jobs for the people who make our products and it is central to how we work. We ask all our suppliers to sign up to our Ethical Aims and we support them in their journey to achieving these aims in full.

Meeting the needs of workers is at the heart of our ethical trading strategy. We talk to thousands of workers around the world every year. They tell us that they have three key priorities: earning enough money to meet their needs, being treated with respect, and ensuring a better life for their children.

We have identified 5 key focus areas to help us meet these needs:

- Continually improving workers' wages and working conditions
- Enabling workers to raise and resolve issues
- Building factory management skills & systems
- Building transparent relationships along the supply chain

- Building the commercial teams' understanding of ethical trade

These are challenging issues, and we can't tackle them on our own. We partner with experts, other retailers, NGOs and various government initiatives around the world to help build collaborative and long lasting change.

1. Wages and working conditions

Keeping workers safe and improving the quality of their jobs is our key ethical objective.

In the course of the past twelve months, we have worked with more than 200 factories (employing up to 143,000 workers) to make this a reality. Specific projects have ranged from raising health and safety standards in factories to improving pay, reducing working hours, and providing workers in our supply chain with access to banking.

As a direct result of the partnership we launched with Geosansar in India two years ago to provide practical support to workers and help increase levels of financial literacy, 770 bank accounts have now been opened for our workers, in 9 of our factories. We have also extended financial inclusion training to 12 of our factories in India – so far training almost 1,200 workers.

New Look won the 'Inspiring Good Governance' category at the Global Sustainability TVE Film Awards in October 2012 for a film about our factory improvement work in Bangladesh.

Health and Safety:

We are striving to improve understanding and awareness of the importance of sound health and safety systems in factories and, crucially, how to implement good practice at all times. We worked with over 100 factories around the world last year to train them on the importance of health and safety

Corporate Responsibility

– including fire safety.

In Bangladesh, we followed up this training with a guidebook which included a self-assessment tool to help managers check their current systems and implement improvements. Over the coming months our local team is visiting every single factory that attended training to monitor progress and close any gaps.

Pay and job quality in India and Bangladesh:

We are working with our suppliers and factories to support them to increase pay and job quality for their workers. Our pilot programme with factories in Bangladesh and India proved so successful that we have now collaborated with 7 other brands, UK Aid, and Impactt to roll out the RAGS Better for Business and Workers (BBW) programme to 73 factories employing 112,000 workers across India and Bangladesh.

So far, the RAGS programme has achieved some great results. By December 2012:

- Workers had increased their average monthly income by 14% – worth more than £4.8 million over 12 months
- Worker turnover had fallen by 46% and absenteeism by 52% demonstrating higher levels of job satisfaction
- Factory efficiency had increased by 30%

Workers reported that:

“ I think I can save more money for the future and am planning to stay with this company for the long term ”

“I feel lots of change in this factory in the last six months. I am saving the extra money for my daughter's future and to buy new things for the house. It is helping me through all my life.”

2. Enabling workers to raise and resolve issues

In many countries, workers do not have access to any form of representation or bargaining. This means that they can't raise issues and resolve problems with their managers.

New Look has been working with 139 factories employing approximately 110,000 workers in India, Bangladesh and China to advance an understanding of the benefits of worker representation and implement systems to enable it.

In China, factories have introduced a variety of improvements and new benefits suggested by workers as a result of worker committees. These include better welfare benefits, the creation of libraries, help with transport to and from home-towns, and annual parties for employees.

3. Building factory management skills & systems

We have found that many problems in factories are down to poor management skills, general disorganisation and inadequate systems. This year we have worked with 129 factories employing 82,000 workers in India, Bangladesh and Cambodia to train factory management on improving their team-working, communication and problem-solving skills and building their technical and quality skills.

4. Ensuring transparency along the supply chain

Trust and transparency across the supply chain is central to understanding and tackling issues. We need to make sure that we have as much information as possible about the places where our products are made.

One of the main ways in which we do this is through audits. These are carried out either by our own staff or by independent third party auditors as experience has taught us that both have their own merits. By talking to factory managers and workers, we can understand what challenges our

Corporate Responsibility

factories face in delivering quality jobs and meeting the ETI Base Code. We can then support them throughout the journey towards lasting improvement.

5. Ethical buying

We work closely with our commercial teams to build their understanding of ethical trade and empower them to make the most ethical choice. We do this through regular training, guidelines, newsletters and improved internal communications around ethical trade and sustainability. We also have regular meetings to ensure that everyone is up to date with ethical developments and that we are working together to improve the ethical performance of our suppliers.

One member of staff said:

"I continue to be amazed at the high standards that our factories achieve. New Look's commitment to ethics and improving the lives of workers makes me proud to work here. The open communication and discussions with factories and their owners gives us an in-depth understanding of the challenges they face on a daily basis. This means we can work together to resolve issues and make sure additional pressure isn't put on the factory workers."

Environment

Good environmental management is central to how we conduct business at New Look. Last year we focused on two areas: our network of stores and our key suppliers in China and Bangladesh.

We have rolled out a number of projects in each area.

1. Helping our suppliers improve their environmental efficiencies

Textile Industry Sustainability Platform

In China, we initiated a multi-brand project, the Textile Industry Sustainability Platform (TISP). This is an online guide for factories, apparel brands and their partners on how to introduce their own environmental practices. TISP is a free resource of sustainability best practice which promotes the business case for energy efficiency. It describes how to manage energy, outlines energy efficiency measures that textile factories can implement, and tells the story of four factories which have already implemented energy efficiency programmes.

Communicating environmental benefits to suppliers

In December 2012, we organised an Environment Training Conference in Shanghai to discuss environmental issues with 60 of our key Chinese suppliers and factories. The New Look team, industry experts and Eco-factory managers all outlined the benefits of adopting more environmentally efficient production practices. These sessions were well received by the audience and we are planning more environment training days during 2013/14, in both China and Bangladesh.

International Finance Corporation Cleaner Production Programme

In Bangladesh we are part-funding our suppliers to participate in the International Finance Corporation's (IFC) Cleaner Production programme. This programme focuses on efficient water management practices – both water consumption and quality of water drainage. It works collaboratively with factories to help them understand and reduce consumption and waste of water. Following a successful pilot with one of our key supplier factories last year, another three Bangladeshi supplier factories have now joined the programme.

Corporate Responsibility

Animal Welfare

We believe it's never acceptable to harm animals in the manufacturing or testing of our products. We think having excellent standards of animal welfare should go hand in hand with providing irresistible fashion.

Our strong stand on animal welfare has been recognised by the RSPCA Good Business Awards in the large fashion company category. (We were nominated for the award in 2011, we won in 2010, and we were highly commended in 2009.) And our commitment to providing stylish animal-friendly fashion has been celebrated by PETA – People for the Ethical Treatment of Animals. In 2012, we won PETA UK's award for Most Stylish Women's Vegan Outerwear.

Energy & Climate Change

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

During FY13, we continued to improve the energy efficiency of our stores in the UK and Republic of Ireland through reductions in electricity consumption.

- Building Management Systems (BMS) installed in our larger stores in the UK & Republic of Ireland delivered savings of 2.4 million kWh – equivalent to 1,306 tonnes of carbon dioxide (CO₂) emissions in the last financial year – when compared with electricity consumption in the same stores during the previous financial year.
- In stores without Building Management System (BMS) installations, staff have delivered over 1.9 million kWh of savings – equivalent to 1,052 tonnes of carbon dioxide (CO₂) emissions in the last financial year, when compared with energy consumption in the same stores during the previous financial year.

As a participant in the UK's Carbon Reduction Commitment (CRC) scheme, we now calculate and report annually our carbon emissions under the scheme's rules. Our UK CO₂ emissions in the year to 31 March 2012 were 65,887 tonnes.

Waste & Recycling

Increasing operational recycling rates and therefore reducing waste 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 FY13 we recycled 92% of all waste from our UK stores, up from 71% in FY12. 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 4,669 tonnes (2012: 4,195 tonnes) of cardboard and plastic, generating additional revenue of £290,306 (2012: £394,775) for the business.

Community Giving

The New Look Foundation (established in September 2009) is a focus for fundraising activities throughout the group. Its mission is

“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.”

Monies are raised through a variety of channels, including Payroll Giving, Pay Day lottery, direct donations, fun fundraising initiatives in our stores and offices (ranging from cake trolleys to sample sales and raffles), and sponsored challenges (such as the London Marathon) undertaken by New Look staff.

Corporate Responsibility

New Look Foundation funds are channelled to our main charity partners – currently Retail Trust and Macmillan Cancer Support – to whom we donated £45,822 in FY13. (In 2012 we split a donation of £94,212 between three charity partners.) Donations are also made to many good causes in the localities of our stores and offices – as well as disaster relief appeals, including a £10,000 donation to the Willow Foundation.

The total raised during FY13 increased to £189,279 (from £155,153 in FY12). This included £64,452 (up from £22,870 in the previous year) contributed through Payroll Giving. The number of our staff donating in this way rose to 1,363 (from 357), and 151 charities benefitted from their generosity.

Our Colleagues

New Look would be nothing without its people. We are fully committed to supporting them to deliver their part in our success and growth, and enabling them to build skillsets and careers 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 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, who have a passion for fashion, and who are curious, go-getting and self-starting.

Equal Opportunities

We ensure 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.



Directors' Report

Risks & Uncertainties

.....

*New look considers
effective risk
management
fundamental to
achieving its business
objectives, protecting
its reputation and
delivering
added value*

.....

Risk management

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

Responsibility

The Board has ultimate responsibility for the Group's risk management process and reviews its effectiveness at least annually. However, on a day-to-day basis, senior management is responsible for providing visible leadership in the management of risk and ensuring it is integrated into everything we do and all important decisions 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 this review of risk is carried out in an effective and timely manner.

Principal risks & uncertainties

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

Risks & Uncertainties

Risk type	Description of risk	Risk mitigation
External/strategic risks		
<i>Unfavourable economic conditions</i>	- Consistent fall in customer spending and erosion in consumer confidence as a result of prolonged economic downturn and other macro-economic factors. - Uncertainty over international economic climate.	- The latest independent market information fully reflected in our internal plans and forecasts. - Adapting to the changes in core customers' disposable incomes through the delivery of a compelling product range (fashion, value and newness) at competitive prices. - Regular reviews and forecasting process to enable actions reflecting current market climate.
<i>Competition</i>	- Loss of market share to rival value operators. - Ease of entry to market via e-commerce and attractive opportunities arising from depressed property market.	- Investment in Brand to differentiate New Look from other value fashion retailers. - Maintenance of our value fashion proposition through appropriate price architecture as well as desirable, on-trend product ranges. - Cohesive multi-channel strategy to secure our brand's significance in the digital as well as physical marketplace.
<i>Business strategy development and implementation</i>	- Failure to adopt the right business strategy in a very difficult consumer market (both Home and International) would prove critical to the success of the business. - Distractions of high profile projects from day to day business needs.	- Macro-economic and industry-specific trends affecting the Group are constantly reviewed. - The annual budget and 3 year planning process identifies key drivers to increasing sales and EBITDA. - Monthly measures are in place to measure performance against key attributes of the business strategy.
Operational risks		
<i>Product design and proposition</i>	- Failure to maintain our reputation for compelling fashion at attractive prices. - Inability to respond swiftly to changing customer preferences and key trends.	- Effective adoption of target customer profiling to better inform buying decisions. - Stronger integration of buyers and designers working closely with suppliers. - Robust and transparent process for trialing and evaluating emerging trends and reviewing feedback mechanisms. - Development of open costing approach to ensure our value offering is maintained.
<i>Sourcing strategy</i>	- Lack of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns. - Disruption to supply chain arising from strikes, civil unrest, political turmoil or natural disasters. - Ethical standards failure within the supply chain, leading to reputational damage to our brand.	- Sourcing team strengthened and given greater responsibility for maintaining an efficient and effective supply chain. - Suppliers treated as key business partners, working to shared objectives such as reduced lead times, enhanced quality control and better employment practices. - Regular review of supply chain and routes to maximise flexibility and sustain fulfilment of all supply demands. - Pro-active membership of the ETI (Ethical Trading Initiative) and structured audit process for all factories in supply chain.

Risk type	Description of risk	Risk mitigation
<i>Stock Management</i>	Ineffective controls over the management of stock could impact either gross margin or product availability.	- Policy of maintaining 'open-to-buy' ensuring effective response to emerging trends and improved ability to have enough of the right product available (in-store and online) at the right time. - Regular reviews and forecasts ensure that stock orders can be adjusted where appropriate. - The use of data analytics looks to optimise stock allocation and replenishment.
<i>Leadership</i>	- Failure to attract or retain talent; departure of key personnel. - Lack of leadership at all levels to deliver the key business strategies.	- Establishment of clear leadership message identifying our primary objectives plus the five pillars of the business: brand, people, product, international and multi-channel. - Regular reviews of management structure to ensure capability and succession. - Regular, effective performance reviews, leadership assessments, and training and development in place. - The Remuneration Committee ensures appropriate incentive plans are in place.
<i>Multi-channel</i>	- Failure to meet customer expectations across all channels undermining our multi-channel proposition. - Lack of cohesion between channels confusing or compromising the customer experience.	- Detailed review of all channels and a 'one voice' policy to ensure customer expectations are consistently met. - Fulfilment operation brought in-house to increase control and efficiency. - Increased focus on data analytics and social media.
<i>International expansion</i>	- Continuance of a tough international economic climate. - Failure to secure entry into markets of choice or problems in partner selection. - Failure to grow the international business successfully through franchise operations, wholly-owned businesses and e-commerce.	- Increased International experience on main Board - Clear focus on best territories for future growth, plus best trading model for country. - Careful analysis of cultural fit with the New Look brand and thorough due diligence of partners. - Product ranges selected and developed to ensure relevance in different markets.
<i>IT systems and business continuity</i>	- Inability of systems to process core transactional data or to provide key decision-making reporting. - Systems failure compromising security or fulfilment of online transactions. - Data protection failure leading to potential prosecution and reputational damage to our brand.	- Investment in new and ongoing IT systems is key part of the business strategy. - Back-up procedures are in place to deal with any short-term or specific loss of data and business continuity plan is in place and is tested, to deal with any serious incident or loss of systems capability. - Provision of secure externally hosted data storage facilities. - Working towards PCI compliance next year.
<i>Warehousing and distribution</i>	- Failure to maintain the infrastructure required to support a growing international multi-channel fast-fashion business. - Inability to recover from a major incident.	- Enhancement of the purpose-built site at Lymedale to cope with the growth of the business. - Review of International supply chain as business develops globally. - Business continuity plans developed and tested for all locations and operations throughout the Group.

Financial risks

<i>Credit risk and liquidity</i>	The Group's level of indebtedness, tough financial markets and exposure to interest and currency rate volatility could constrain the business and its ability to grow.	- Regular review of the Group's current debt position and potential interest and currency rate exposure. - Treasury policy in place, aiming to hedge interest and currency rates over the medium term. - Weekly cash flow forecasting and quarterly covenant reporting.
<i>Cost inflation</i>	- Escalation of supply chain costs arising from factors such as wage inflation or increases in raw material prices. - Increased fuel and energy costs, impacting on distribution or store and head office operational costs.	- Transparent pricing throughout all levels of supply chain. - Wage increases offset by improvements in productivity. - Review of pricing order to determine scope for changing price architecture. - Cost efficiency process in place and drive to control and contain energy usage.



Directors' Report

Financial review

Great progress was made during FY13 with a 29.1% increase in Adjusted EBITDA to £189.2m

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The success of our turnaround plan, which focussed on cost reduction, improved margins and revenue growth, resulted in a 29.1% increase in

Adjusted EBITDA to £189.2m. Our financial turnaround has also enabled us to address debt maturities firstly with an "Amend and Extend" and more recently with the full refinancing of our debt, extending maturities to 2018.

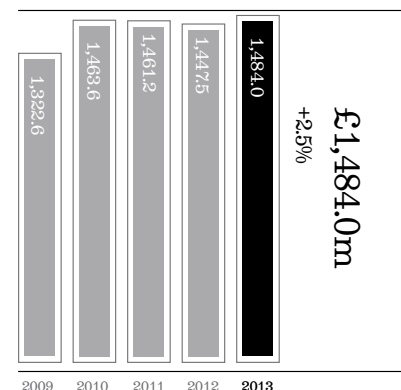
Revenue

Group revenue increased by £36.5 million to £1,484.0 million (2011/12: £1,447.5 million), primarily due to the significant online sales growth from our New Look website which grew by over 50%, as we provide greater choice of service options for our customers and expand our various e-commerce platforms and the benefit of a 53rd week which accounted for £25.8m additional sales in the period.

Revenue growth has also been driven by the continued benefits derived from the ever increasing number of stores refitted in the 'Concept' format. Also, the substitution of gross concession income with our own 'Label Lounge' in-house premium womenswear product has benefited both revenue and gross margin.

Although Group LFL's were -0.7% for the year, we saw an improving LFL Sales performance within the year, especially for our New Look International stream, as we continued to align product design and range with our customers' perception of the New Look Brand.

TOTAL REVENUE* £m



Based on 53 weeks to 30 March 2013. On a 52 week basis, Revenue was £1458.2m

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

Directors' Report

Financial review

LFL Sales

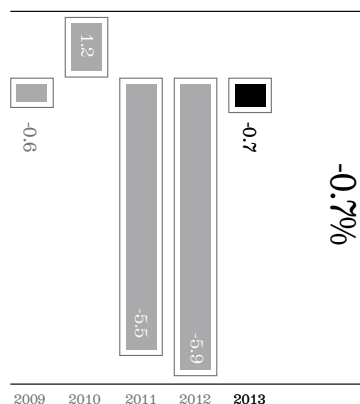
Group LFL sales improved to -0.7% (2012: -5.9%), reflecting an improvement in both UK and International sales. The turnaround plan continues to deliver an improving LFL trading performance with 1.7% LFL Sales in the second half compared to -3.3% in the first half. At 76.1% of Group Sales, the UK (including e-commerce) continues to have a significant impact on Group LFL performance. The recovery of our UK LFL sales to -0.5% (2012: -5.7%) was driven by the continuing growth of our e-commerce platform together with the enhanced performance of stores refitted in our 'Concept' format.

New Look International LFL sales also improved, as we focussed on management of stock assortment in order to provide a specific product selection tailored to each of the international markets in which we operate. In addition, we also strengthened and restructured our retail operational team in the Republic of Ireland.

Unlike New Look European stores, our Mim stores continued to experience negative LFL sales due to weaknesses in product range and stock management.

Action has been taken to address this under-performance with the appointment of a new buying director to redirect the Mim product range and improve sourcing. We have instituted tighter stock management controls (similar to those implemented at New Look), and we have launched a programme aimed at closing loss-making stores particularly those in poor locations.

GROUP LFL SALES (%)*

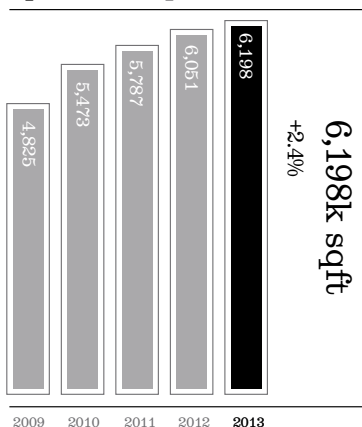


* Based on 53 weeks to 30 March 2013. On a 52 week basis Group LFL Sales was -0.5%.

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

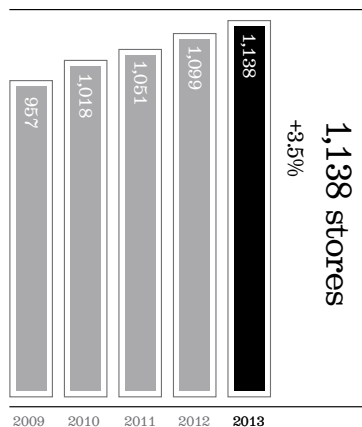
Financial review

Space* '000 sq ft



* Based on 53 weeks to 30 March 2013. On a 52 week basis total Space was 6,197k sqft.

Total stores*



* Based on 53 weeks to 30 March 2013. On a 52 week basis. Total stores was 1,136.

Space

Our total trading space increased by 2.4% to 6,198k sqft (2012: 6,051k sqft).

Over the past two years, our principal focus has been to optimise our store estate. In doing so, we have relocated from sub-optimal locations, downsized to spaces more appropriate to our needs, closed marginally profitable and unprofitable stores, and sought out properties for new store openings in areas where New Look has been under-represented. Overall, during FY13 our total number of UK stores decreased by 11 to 589 (2012: 600), including the closure of 13 under performing stores.

To complement multi-channel initiatives, we have focused on improving the in-store customer experience through the 'Concept' refurbishment program. Following successful trials in FY12, we converted 133 existing UK stores and 4 international stores during FY13. With 6 new openings fitted in this same format, we reached a total of 145 'Concept' stores. We plan to refurbish all remaining stores over the next three years.

Outside the UK, total trading space of New Look directly operated stores increased by 1% to 640k sqft (2012: 634k sqft). The net decrease of 3 stores in current markets was offset by the opening of 10 concession stores (5 in Netherlands and 5 in our new market Germany). Our average store size decreased, primarily reflecting our strategy of moving from sub-optimal locations where our space exceeds our

needs. Additionally our decision to open concession stores reflects a strategy of optimising space with lower levels of investment and capital expenditure, which also reduces our risks when entering new markets.

New Look franchise stores increased by 23 to 126 stores (2012: 103 stores) over the year, including 5 new markets (Libya, Georgia, Armenia, Azerbaijan and Thailand) with 2 franchise partners.

The number of MIM stores, including new affiliate stores, increased by 20 to 336 (2012: 316 stores), including 34 new affiliate stores. The affiliate store model is based on the landlord paying for the shopfit and is a low cost approach to improving the quality of the MIM store estate. 15 under performing owned stores were closed during the year.

Directors' Report

Financial review

Online sales

Our online sales continued to advance strongly during FY13, with growth of 50.1%, or £31.4 million, to £94.1 million (2012: £62.7 million). We continued to provide a greater choice of service options for our customers, including "Click and Collect" and "Order In Store", and we have expanded and enhanced our various e-commerce platforms, which now comprise our transactional website plus mobile and tablet applications.

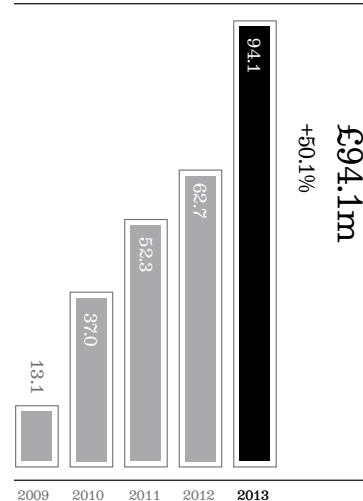
As well as directing traffic to our transactional website, our online magazine and blog, *NL Daily*, provides lively fashion news and showcases New Look products and promotions. We also maintain a dialogue with our customers through our social media platforms such as Facebook and Twitter. At 30 March 2013, we had approximately 2.0 million Facebook "likes" and 93,000 followers on Twitter, and between 25 March 2012 and 30 March 2013, *NL Daily* received approximately 3.7 million visits.

In January 2013, we transferred the fulfilment and distribution of e-commerce products in-house. We expect this will result in significant cost efficiencies, further improvement in our stock control levels, and a better service for our customers.

All of these activities enabled our e-commerce business to drive significant growth in online visits, improved conversion rates and higher average transactional value per customer order.

ONLINE SALES *

£m



* Based on 53 weeks to 30 March 2013. On a 52 week basis Online Sales was £91.8m

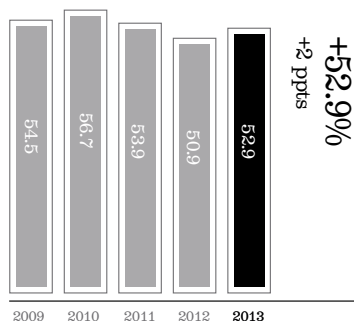
Financial review

Gross margin

Our gross profit margin improved by 2.0 percentage points to 52.9% (2012: 50.9%) as we continued to effect tighter stock controls. The optimisation of our buying and merchandising activities through a much more flexible approach to forward ordering, has contributed to reducing the volume of stock subject to discounting, thereby increasing our margins. We sold more product at full price 78.5% (2012: 75.2%), and reduced our markdowns and discounts by 16% year on year.

GROSS PROFIT MARGIN*

%



* Based on 53 weeks to 30 March 2013. On a 52 week basis total was 52.9%

The underlying increase in gross margin was stronger but the growth in our e-commerce stream includes sales of lower margin third-party products and higher packaging costs. The lower e-commerce margin is however offset by lower fixed costs than our New Look directly operated store channel in areas such as staffing, depreciation and rental payments.

Costs

Cost reduction and control has remained one of our key priorities with all aspects of the business making important contributions to our cost efficiency drive. Driven by a cross functional team, all areas of spend are subject to review from both a volume, efficiency and rate perspective. These achieved savings have been used to offset inflationary increases and enable re-investment back into the business.

One of the primary areas of review was store payroll costs and the allocation across all New Look directly operated stores. By focusing staff hours on the busy periods and removing hours from the quieter periods we have been able to reduce payroll spend in stores, without impacting on customer service. This evolutionary project has been further enhanced by the investment in a new payroll management system which will drive out further efficiencies and control. A cost benchmarking project was undertaken for a peer group of stores, comparing spend on costs including utilities, guards, cash collections and stock loss, with training and additional management focus given to stores below the peer group average. This yielded significant savings and is an ongoing project to drive further opportunities.

Our Property team, assisted by external consultants have continued to review, re-negotiate and challenge all areas of our Estate costs, paying particular emphasis on stores' rent, rates and service charges. Head Office costs benefited from the full year effect of last years re-structuring, which reduced management and other headcount numbers. This was coupled with tighter controls around administrative expenses, (including travel) through the introduction of a web based expense system enabling a more transparent approval process for all business expense claims. In addition, we continue to re-tender all major contracts as they fall due.

Directors' Report

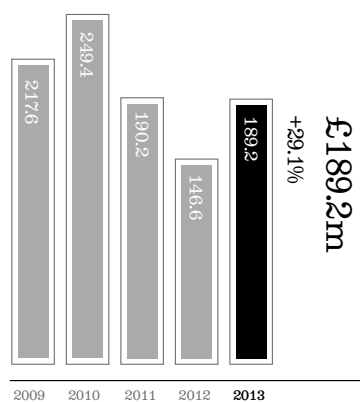
Financial review

Adjusted EBITDA

Adjusted EBITDA increased by £42.6 million, or 29.1%, to £189.2 million (2012: £146.6 million) due to the combination of our cost reduction programme, the improvements in our gross margin and the improvement in our sales performance in the second half of the year.

ADJUSTED EBITDA *

£m



* Based on 53 weeks to 30 March 2013. On a 52 week basis total was £185.2m

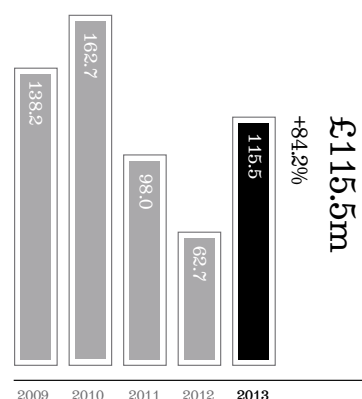
Adjusted EBITDA, a non IFRS measure, is calculated as the Group's underlying operating profit before depreciation of tangible fixed assets, amortisation of intangible fixed assets and the income statement charge in relation to the Group's onerous lease provision.

Underlying operating profit

Underlying operating profit increased by £52.8 million to £115.5 million, reflecting the success of our turnaround programme. In addition as we have exited unprofitable stores and improved performance, our onerous lease charge has reduced by £7.1m.

UNDERLYING OPERATING PROFIT *

£m



* Based on 53 weeks to 30 March 2013.
On a 52 week basis Underlying Operating Profit was £111.5m

Underlying operating profit is a non-IFRS measure, and is calculated as operating profit before exceptional items, share based payment expense and the movements in the fair value of financial instruments under IFRS.

Financial review

Pre-tax profit

Net finance costs increased by £2.6 million to £106.4 million (2012: £103.8 million), including a £5.0m increase in capitalised interest on the Payment-in-Kind (PIK) debt. Maturing interest rate swap contracts were replaced with contracts with more favourable rates resulting in a year on year interest cost reduction of £3.5m. Although higher margins arising from the Amend and Extend Transaction caused an increase in interest costs year-on-year, this was offset by the elimination of interest on £161.0 million (2012: £26.0 million) of debt repayments made during the year.

An operating exceptional charge amounting to £4.7 million (2012: £12.0 million) reflects the transition to in-house fulfilment for e-commerce, the impairment of a franchise receivable and the initial costs in relation to the debt refinancing. These were offset by a £6.0 million gain on disposal of part of the land, at our Weymouth site, for redevelopment by a supermarket, hotel and family restaurant.

The results for the Group for FY13 financial year show a pre-tax profit of £3.1 million (2012: loss £54.5 million).

Taxation

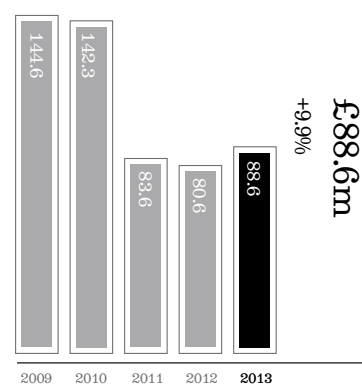
The most significant driver of the income statement taxation movement during the period has been the swing from a loss before taxation to a profit before taxation. Other factors impacting the current year credit include a prior period adjustment to current tax of £2.8 million credit (2012: £4.4 million credit) upon completion of the March 2012 tax computation in addition to a prior period adjustment to deferred tax of £0.8 million credit (2012: £2.6 million credit) which largely related to a capital allowances review.

Free cash flow

Free cash flow increased by £8.0m to £88.6m as the Group continues to increase profit and cash. This is largely due to the successful turnaround programme including our cost reductions, which has helped to support the investment in the 'Concept' refit programme, e-commerce in-house fulfilment and IT.

In addition, we have drawn from our substantial cash balances and repaid debt of £161.0 million (2012: £26.0 million) this financial year.

FREE CASH FLOW * £m



* Based on 53 weeks to 30 March 2013.

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

Directors' Report

Financial review

Net debt

During the financial year, the Group executed an agreement to amend the Senior debt profile and reallocate existing borrowings following a prepayment of £62.0 million. The amendment also provided the Group with the ability to repay part of the PIK debt if certain conditions were met. On satisfying these conditions, £47.1 million of PIK debt was repurchased during the year for consideration of £38.0 million resulting in a gain on cancellation of PIK debt of £9.1 million.

Group net debt was £1,096.0 million at 30 March 2013 of which £741.5 million was PIK notes including £71.5 million of accrued interest rolled into the outstanding value of the loan during the year.

On 3 May 2013, the Group entered into a series of transactions to issue senior secured bonds, these transactions were settled on the 14 May 2013. The finance raised was used to settle the existing debt under the Senior and Mezzanine Facility Agreements and 50% of the outstanding PIK in cash, with the remaining PIK being exchanged for a new PIK instrument at par value.

This transaction gives us a much improved capital structure and provides a five year 'runway' to continue to improve performance, drive forward our international expansion and develop further our online and store development. Fuller details of this post balance sheet event are disclosed in note 37 of the financial statements.

Current year trading

Looking ahead we expect the economic outlook to remain challenging. However, we are confident in our ability to maintain the positive momentum generated by the improved value and appeal of our ranges, our store refurbishment programme and continued growth in e-commerce.

Updated debt structure

	Coupon / Rate	*£m
Senior Secured - GBP	8.75%	500.0
Senior Secured - USD 250m	8.375%	160.5
Senior Secured - EUR FRN 175m	E+625bps	147.3
PIK	12.00%	373.2
Total Debt		1,181.0

* £m equivalent is based on hedged FX rates at 3 May 2013, see note 37.



Governance

*Directors' Report**Governance*

Board of Directors

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*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.



Anders Kristiansen | Chief Executive Officer

Anders Kristiansen joined New Look Retail Group Limited as Chief Executive Officer in January 2013. From 2011 to 2012, Mr. Kristiansen was Vice Chief Executive at Bestseller Fashion Group in China. Mr. Kristiansen helped Bestseller Fashion Group establish more than 5,500 stores in China. From 2010 to 2011, he was Senior Vice President at Staples Inc. Over the last 17 years, in addition to the aforementioned directorships, Mr. Kristiansen has been Managing Director of Lyreco Asia Pacific and before that Managing Director Europe of Lyreco office supplies. He has also held senior positions at Herlitz and GBC Corp.



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.



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.

*Directors' Report**Governance*

Board of Directors



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.



Michael Garland | Non-Executive Director

Michael Garland joined New Look Retail Group Limited as Non-Executive Director in December 2012. Mr. Garland is also a director of Cregstar Bidco Limited. Mr. Garland is a Partner of Permira, having joined the firm in 1990. He leads Permira's portfolio group and has worked extensively with the Permira portfolio, including serving on many of their boards. Mr. Garland has also worked on numerous transactions, including New Look, Hogg Robinson, Homebase, Hugo Boss & Valentino, Provimi and Travelodge. He has prior experience with Williams Holdings, Smallbone and PricewaterhouseCoopers. He holds a degree in Mechanical Engineering from the University of Southampton, England and is a Chartered Accountant.



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. Apax deals include Takko, Panrico, Electro-Stocks, Vueling, Itevelesa, easyEverything and Independer. He has prior experience at BCG and Merrill Lynch.



Fabio Andreottola | Non-Executive Director

Fabio Andreottola joined New Look Retail Group Limited as Non-Executive Director in December 2012. Over the last six years, in addition to the aforementioned directorship, Mr. Andreottola has been an investment professional at Permira. During his time at Permira, Mr. Andreottola has worked on a number of transactions, including Hugo Boss & Valentino, Creganna-Tactx and Marazzi Group. Mr. Andreottola is also non-executive director of a number of holding and operating companies invested by Permira. Mr. Andreottola previously spent eight years in investment banking at Donaldson, Lufkin and Jenrette and Credit Suisse. He holds a degree in Business Administration from Bocconi University, Italy.

* 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Keith Gosling
Company Secretary

24 May 2013







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 30 March 2013 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 51, 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 30 March 2013 and of its profit 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 30 March 2013.



Alan Kinnear (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

24 May 2013

Notes:

(a) 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.

(b) 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	
		53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	Notes	£m	£m
Revenue	5, 6	1,484.0	1,447.5
Cost of sales		(698.9)	(710.6)
Gross profit		785.1	736.9
Administrative expenses		(675.3)	(687.6)
Operating profit	7	109.8	49.3
Finance income	9	10.2	4.7
Finance expense	9	(116.6)	(108.5)
Share of post tax loss from joint venture	15	(0.3)	—
Profit/(loss) before taxation		3.1	(54.5)
Taxation	11	0.3	16.5
Profit/(loss) attributable to equity holders of New Look Retail Group Limited	32	3.4	(38.0)

The notes on pages 63 to 108 are an integral part of these consolidated financial statements.

New Look Retail Group Limited

Consolidated statement of comprehensive income

		For the financial periods	
		53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	Notes	£m	£m
Profit/(loss) for the period		3.4	(38.0)
Other comprehensive income			
Cash flow hedges	25, 32	15.8	11.1
Exchange differences on translation of foreign operations	32	0.9	(10.7)
Tax credit on items recognised directly in equity	11	(4.0)	(2.4)
Actuarial loss on post employment benefit obligations	34	(0.5)	—
Other comprehensive profit/(loss) for the period, net of tax		12.2	(2.0)
Total comprehensive profit/(loss) for the period		15.6	(40.0)

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

The notes on pages 63 to 108 are an integral part of these consolidated financial statements.

Underlying operating profit is calculated as follows:

		For the financial periods	
		53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	Notes	£m	£m
Operating profit		109.8	49.3
Add back/(deduct):			
Exceptional items	10	4.7	12.0
Share based payment (credit)/expense	30	(0.2)	0.9
Fair value movement of financial instruments	25	1.2	0.5
Underlying operating profit	5	115.5	62.7

New Look Retail Group Limited

Consolidated balance sheet

		As at	
		30 March 2013	24 March 2012
	Notes	£m	£m
Non-current assets			
Property, plant and equipment	13	182.2	203.4
Intangible assets	14	744.7	736.2
Investment in joint venture	15	0.3	0.6
Available for sale financial assets	16	0.3	0.3
Other receivables	18	39.2	42.0
Deferred income tax assets	11	29.8	33.1
		996.5	1,015.6
Current assets			
Inventories	17	144.1	132.7
Trade and other receivables	18	67.8	69.2
Derivative financial instruments	19	17.6	5.4
Cash and cash equivalents (excluding bank overdrafts)	20	113.6	212.3
		343.1	419.6
Total assets		1,339.6	1,435.2
Current liabilities			
Trade and other payables	21	246.2	241.3
Financial liabilities	22	59.5	121.1
Derivative financial instruments	23	3.4	5.1
Provisions	28	5.7	7.5
Income tax liabilities		8.9	1.9
		323.7	376.9
Non-current liabilities			
Deferred income and other payables	21	91.4	110.1
Financial liabilities	22	1,150.1	1,181.8
Derivative financial instruments	23	0.8	1.5
Provisions	28	9.8	11.7
Deferred income tax liabilities	11	77.7	83.0
		1,329.8	1,388.1
Total liabilities		1,653.5	1,765.0
Net liabilities		(313.9)	(329.8)

New Look Retail Group Limited

Consolidated balance sheet

(continued)

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		As at	
		30 March 2013	24 March 2012
	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	(21.9)	(22.1)
Other reserves	32	18.9	6.2
Reverse acquisition reserve	32	(285.3)	(285.3)
Retained earnings	32	(36.6)	(39.6)
Total deficit		(313.9)	(329.8)

The notes on pages 63 to 108 are an integral part of these consolidated financial statements.

The financial statements on pages 57 to 108 were authorised for issue by the Board of Directors on 24 May 2013 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

		Attributable to the shareholders of New Look Retail Group Limited					
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total
	Notes	£m	£m	£m	£m	£m	£m
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)
Comprehensive income							
Profit for the financial period	32	—	—	—	—	3.4	3.4
Other comprehensive income							
Exchange differences on translation of foreign companies	32	—	—	—	0.9	—	0.9
Movements in hedged financial instruments	32	—	—	—	15.8	—	15.8
Tax on items recognised directly in equity	11	—	—	—	(4.0)	—	(4.0)
Actuarial loss on post employment benefit obligations	34	—	—	—	—	(0.5)	(0.5)
Total other comprehensive income		—	—	—	12.7	(0.5)	12.2
Total comprehensive income		—	—	—	12.7	2.9	15.6
Transactions with owners:							
Employee share option scheme:							
– value of employee services	32	—	—	—	—	0.1	0.1
Disposal of treasury shares	31	—	—	0.2	—	—	0.2
Total transactions with owners		—	—	0.2	—	0.1	0.3
Balance at 30 March 2013	31, 32	10.4	0.6	(21.9)	(266.4)	(36.6)	(313.9)

The notes on pages 63 to 108 are an integral part of these consolidated financial statements.

New Look Retail Group Limited

Consolidated statement of cash flows

		For the financial periods	
		53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	Notes	£m	£m
Cash flows from operating activities			
Operating profit		109.8	49.3
Depreciation of property, plant and equipment		65.5	70.8
Impairment of property, plant and equipment		2.7	3.3
Amortisation and impairment of intangible assets		6.7	8.1
Impairment of investment in joint venture		—	0.7
(Gain)/loss on disposal of property, plant and equipment and intangible assets		(7.4)	0.4
Share based payment (credit)/expense		(0.2)	0.9
Fair value losses in financial instruments		1.2	0.5
Foreign exchange (gains)/losses on operating activities		(0.1)	0.3
Amortisation of lease inducements		(11.9)	(10.2)
(Increase)/decrease in inventories		(11.0)	15.3
Decrease in trade and other receivables		4.5	1.3
Decrease in trade and other payables		(5.8)	(7.9)
(Decrease)/increase in provisions		(3.7)	2.2
Income taxes received		1.3	3.4
ESOPs shares unallocated		—	(0.2)
Purchase of treasury shares		—	(3.0)
Net cash flow from operating activities		151.6	135.2
Cash flows from investing activities			
Purchase of property, plant and equipment		(45.9)	(44.7)
Purchase of intangible assets		(15.8)	(6.5)
Proceeds from sale of property, plant and equipment and intangible assets		12.0	0.5
Net cash flow from investing activities		(49.7)	(50.7)
Cash flows from financing activities			
Interest paid		(41.2)	(35.0)
Interest received		0.6	1.6
Repayment of borrowings		(161.0)	(26.0)
Net cash flow from financing activities		(201.6)	(59.4)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	26	(99.7)	25.1
Opening cash, cash equivalents and bank overdrafts	26	212.3	191.4
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	26	1.0	(4.2)
Closing cash, cash equivalents and bank overdrafts	26	113.6	212.3

The notes on pages 63 to 108 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 53 weeks ended 30 March 2013 were authorised for issue by the Board of Directors ("the Board") on 24 May 2013 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 Financial Reporting Standards as adopted for use in the European Union (IFRSs as adopted by the EU), International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements are presented in Pound Sterling 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.

2.1.1 Going concern

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

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

IFRS 7 (amendments) on transfers of financial assets – effective for accounting periods beginning on or after 1 July 2011. These amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. These amendments do not have a material impact on the Group's financial statements.

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

- IAS 12 (amendment) 'Income taxes' on deferred tax relating to investment properties
- IFRS 1 (amendments) 'First time adoption' on hyperinflation and fixed dates

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.

IAS 32 and IFRS 7 (amendments) 'Financial instruments on asset and liability offsetting' - IAS 32 amendments effective for accounting periods beginning on or after 1 January 2014; and IFRS 7 amendments effective for accounting periods beginning on or after 1 January 2013. These amendments are to the application guidance in IAS 32 that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

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.

Amendment to IAS 1 'Financial statement presentation' on other comprehensive income (OCI) – effective for accounting periods beginning on or after 1 July 2012.

This amendment requires items disclosed in an entity's statement of other comprehensive income to be separated into two groups dependent on whether they may be recycled to profit and loss in the future or not.

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.

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

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.

Annual improvements 2011 - effective for accounting periods beginning on or after 1 January 2013. These annual improvements address 6 issues in the 2009-2011 reporting cycle.

IFRS 9 'Financial instruments' on deferral of mandatory effective date - effective for accounting periods beginning on or after 1 January 2015. This amendment delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after 1 January 2013.

IFRS 10, 11 and 12 (amendments) on transition guidance – effective for accounting periods beginning on or after 1 January 2013. These amendments also provide additional transition relief in IFRSs 10, 11, 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

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 upfront exclusivity fee 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 redundancies, directly related legal and professional costs, relocation costs and duplicate facility costs), writing down inventories by material amounts to net realisable value, writing down receivables by material amounts to their recoverable amount, impairments or reversal of impairments of intangible assets, property, plant and equipment, litigation settlements, costs incurred as part of the review of business financing, including abortive costs and refinancing costs not eligible to be treated as debt issue costs and gains or losses resulting from the disposal of the Mercery Road, Weymouth site.

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.

<i>Asset Category</i>	<i>Useful life</i>
Freehold buildings	50 years
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.

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:

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

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

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.

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 £10.8m (2012: £50.0m) and an overdraft limit of £5.0m (2012: £5.0m) and cash and short term deposits (note 20) on the basis of expected cash flow.

As a result of the refinancing on 14 May 2013, the revolving credit facility and overdraft limit were ceased. For further details on the refinancing transaction see note 37.

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, B5, C2 and C5 were denominated in Euros and all other group borrowings were in Sterling.

During the period ended 30 March 2013, if Sterling had weakened by 5.0% against the Euro with all other variables held constant, post-tax gain (2012: loss) for the period would have been £0.5 million lower (2012: £1.9 million higher), mainly as a result of the translation of subsidiaries with a functional currency of Euros.

During the period ended 30 March 2013, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax gain (2012: loss) for the period would have been £2.5 million lower (2012: £1.7 million higher), mainly as a result of revaluation of overseas trade creditors; post-tax decrease (2012: increase) in shareholders deficit would have been £14.3 million higher (2012: £0.2 million lower) 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 30 March 2013, the amount of

Euros held as a natural hedge was €65.8 million (2012: €75.4 million) against the total Euro denominated bank borrowings of €65.8 million (2012: €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 30 March 2013, if interest rates had been 100 basis points higher (2012: 100bp) with all other variables held constant, post-tax profit (2012: loss) for the period would have been £8.4 million lower (2012: £8.2 million higher), mainly as a result of a higher interest expense on floating rate borrowings; post-tax movement in equity would be £2.3 million lower (2012: £2.1 million lower) as a result of movement in cash flow hedges.

During the period ended 30 March 2013, if interest rates on Euro denominated borrowings had been 100 basis points higher (2012: 100bp) with all other variables held constant, post-tax profit (2012: loss) for the period would have been £0.6 million lower (2012: £0.6 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 or S&P credit rating falls below an "A" rating.

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

Capital risk management

The Group's principal objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for stakeholders.

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 (2012: none).

As a result of the refinancing on 14 May 2013, the quarterly debt covenant reporting requirements were ceased. For further details on the refinancing transaction see note 37.

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 30 March 2013, net debt was £1,096.0 million (2012: £1,090.6 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 anticipated tax liabilities 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 leavers. The key assumptions include the estimated timing of a change in control of the Group or a listing. The remaining 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) Onerous lease provisions

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

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

(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.

(h) Exceptional items

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

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.

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
External revenue		
New Look brand		
– UK Retail	1,058.5	1,061.2
– International	149.2	145.9
Stores	1,207.7	1,207.1
E-Commerce	94.1	62.7
Franchise	58.5	58.6
Total New Look brand	1,360.3	1,328.4
Mim brand		
– Stores	154.0	161.9
Total Mim brand	154.0	161.9
Segmental gross transactional value	1,514.3	1,490.3
Adjustment to state concession income on a net basis for statutory reporting purposes	(30.3)	(42.8)
Total Group external revenue	1,484.0	1,447.5

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
External revenue		
UK	1,152.6	1,123.9
International	361.7	366.4
Segmental gross transactional value	1,514.3	1,490.3
Adjustment to state concession income on a net basis for statutory reporting purposes	(30.3)	(42.8)
Total Group external revenue	1,484.0	1,447.5

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.

5. Segment information (continued)

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Underlying operating profit		
New Look brand		
– UK Retail	91.5	60.5
– International	0.9	(4.9)
Stores	92.4	55.6
E-Commerce	15.8	5.9
Franchise	9.4	7.3
Total New Look brand	117.6	68.8
Mim brand		
– Stores	(2.1)	(6.1)
Total Mim brand	(2.1)	(6.1)
Total Group underlying operating profit	115.5	62.7

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Underlying operating profit		
UK	107.3	66.4
International	8.2	(3.7)
Total Group underlying operating profit	115.5	62.7

Underlying operating profit is defined in note 2.23 and is reconciled to operating profit on page 58.

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Capital expenditure		
New Look brand		
– UK Retail	58.8	39.0
– International	2.0	3.2
Stores	60.8	42.2
E-Commerce	3.5	6.2
Franchise	—	—
Total New Look brand	64.3	48.4
Mim brand		
– Stores	2.1	3.8
Total Mim brand	2.1	3.8
Total Group capital expenditure	66.4	52.2

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Capital expenditure		
UK	62.3	45.2
International	4.1	7.0
Total Group capital expenditure	66.4	52.2

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Depreciation and amortisation		
New Look brand		
– UK Retail	54.9	61.4
– International	8.1	5.5
Stores	63.0	66.9
E-Commerce	3.4	1.6
Franchise	—	—
Total New Look brand	66.4	68.5
Mim brand		
– Stores	7.1	8.0
Total Mim brand	7.1	8.0
Total Group depreciation and amortisation	73.5	76.5

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Depreciation and amortisation		
UK	58.3	63.0
International	15.2	13.5
Total Group depreciation and amortisation	73.5	76.5

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

	External revenue		Non-current assets	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012*	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m	£m	£m
United Kingdom	1,113.5	1,080.7	845.5	848.4
France	219.4	220.1	105.5	115.0
Rest of Europe	111.6	108.1	15.1	18.2
Middle East	31.0	31.6	—	—
Rest of World	8.5	7.0	—	—
	1,484.0	1,447.5	966.1	981.6

*Customer revenue from sales to Russia has been reclassified from Rest of World to Rest of Europe.

6. Revenue

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Sale of goods	1,463.1	1,422.3
Rental income	2.0	2.5
Store card arrangement fee	2.9	2.9
Franchise royalty income	0.4	1.4
Concession income (net)	15.6	18.4
Revenue	1,484.0	1,447.5

Included within rental income is contingent rent of £0.6 million (2012: £0.6 million).

7. Operating profit

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Group operating profit is stated after charging/(crediting):		
Staff costs (note 8a)	226.6	233.0
Depreciation on property, plant and equipment	65.5	70.8
Impairment of property, plant and equipment	2.7	3.3
Amortisation of intangible assets	8.0	5.7
Impairment (reversal)/charge of intangible assets	(1.3)	2.4
Impairment of investment in joint venture	—	0.7
Amortisation of lease incentives	(7.0)	(5.7)
(Gain)/loss on disposal of property, plant and equipment	(6.0)	0.4
Gain on disposal of intangible assets	(1.4)	—
Operating lease charges		
– Minimum lease payments	180.3	178.7
– Contingent rent payments	0.1	—
Net foreign exchange differences	1.7	(2.4)
Cost of inventories recognised as an expense through cost of sales	614.2	621.3
Write down of inventories to net realisable value through cost of sales	15.9	20.7
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
– Tax compliance services	0.1	0.1
– Tax advisory services	0.5	0.1
– Other assurance services	0.5	—
– All other services	0.4	0.1

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

8a. Staff costs

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Wages and salaries	202.2	206.0
Social security costs	22.4	24.0
Other pension costs (note 34)	2.2	2.1
	226.8	232.1
Share based payment (credit)/expense (note 30)	(0.2)	0.9
	226.6	233.0

In addition to the above, costs relating to temporary and contract staff total £4.2 million (2012: £4.2 million).

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

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	Number	Number
Administration and distribution	2,383	2,105
Retailing	18,765	20,500
	21,148	22,605

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 11,476 (2012: 11,819).

Compensation for key management personnel

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

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Short term employee benefits	2.5	1.6
Compensation for loss of office	—	0.2
Post employment benefits	—	0.3
Aggregate gains made by Directors on the sale of shares	—	—
	2.5	2.1

Retirement benefits are accruing to two members of key management (2012: four) at the end of the period. Directors' remuneration is detailed in note 8b on the following page.

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 30 March 2013 and 24 March 2012.

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Aggregate emoluments in respect of qualifying services	2.1	0.9
Company contributions paid in respect of pension schemes	—	0.2

There have been no waivers of emoluments by any of the Directors in the reporting period. No (2012: none) Director exercised share options and three (2012: one) Directors were granted shares in the period. Retirement benefits are accruing to no (2012: one) Directors at the end of the period.

(b) Directors' details

Directors

A McGeorge, T Lane, A Miller, O Pinya, M Garland, F Andreottola, A Kristiansen and T Singh were Directors as at 30 March 2013. L Buckham and M Clarke resigned on 13 December 2012 and M Garland and F Andreottola were appointed on 13 December 2012. A Kristiansen was appointed on 16 January 2013.

In the financial period ended 30 March 2013, each of the following were Executive Directors: A McGeorge, T Singh, A Kristiansen and A Miller. (2012: A McGeorge and A Miller).

As a representative of Permira, M Garland and F Andreottola have 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 £170,000 (2012: £150,000) was payable to each of Apax and Permira.

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	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Aggregate emoluments in respect of qualifying services	0.7	0.4
Company contributions paid in respect of pension schemes	—	0.1

9. Finance income and expense

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Finance income		
Interest on bank deposits	0.6	1.4
Exchange rate gain on revaluation of Euro loans	—	3.3
Exchange rate gain on revaluation of Euro cash	0.5	—
Gain on cancellation of PIK debt	9.1	—
Total finance income	10.2	4.7
Finance expense		
Interest on bank loans and overdrafts	35.4	38.7
Interest on other loans	71.5	66.5
Exchange rate loss on revaluation of Euro cash	—	3.3
Exchange rate loss on revaluation of Euro loans	0.5	—
Amortisation of issue costs on loans	6.8	—
Finance expense before exceptional expenses	114.2	108.5
Exceptional items – finance expense		
Refinancing costs	2.4	—
Total finance expense	116.6	108.5

Gain on cancellation of PIK debt

In July 2012, as part of the renegotiation of Senior and Mezzanine debt maturities, the Group was provided with the ability to repay part of the PIK debt. During the financial period, the Group achieved the required level of leverage to satisfy the covenant and bought back £47.1 million of PIK debt for consideration of £38.0 million.

Refinancing cost

In July 2012, the Group renegotiated the maturity profile of the Senior and Mezzanine loans to extend repayments out to April 2015. £6.8 million was incurred relating to this transaction, capitalised against the debt and amortised over the period in line with the refinance that occurred shortly after the period end (see note 37). In February 2013, the Group began a number of investigative and preparatory steps in connection with a potential debt refinancing. £2.4 million of directly attributable costs were incurred in relation to these steps.

10. Exceptional items

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Operating exceptional items		
Impairment loss	1.4	6.2
Change programme	—	(0.2)
Restructuring operating base	4.3	6.0
Review of business financing	0.7	—
Redevelopment of Mercery Road	(6.0)	—
Franchise receivable impairment	4.3	—
Total operating exceptional items	4.7	12.0
Refinancing costs (note 9)	2.4	—
Total exceptional items	7.1	12.0

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 rates are disclosed in note 14.

During the financial period ended 24 March 2012, management reviewed its ability to recover the investment in its 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi. 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.

Change programme

The change programme formed 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 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. During the period ended 30 March 2013, the Group incurred £1.7 million as the finalisation of these costs. In addition, for the period ended 30 March 2013, £2.6 million was incurred in preparation for and transition of the Group's Ecommerce logistics operations which involved the termination and relocation of previously outsourced operations that have now been brought in-house to the main distribution site at Lymedale.

Review of business financing/refinancing costs

During the period ended 30 March 2013, the Group undertook a number of investigative and preparatory steps in connection with a potential debt refinancing. Total costs incurred were £3.1 million, of which £2.4 million were directly attributable costs and have been recognised as a finance expense, see note 9.

Redevelopment of Mercery Road

During the financial period ended 30 March 2013, as part of the redevelopment of the Group's land on its Mercery Road, Weymouth site, a gain on disposal was recognised in relation to a sale of part of the land on which a supermarket, hotel and family restaurant will be constructed. See note 13 for further information.

Franchise receivable impairment

The outstanding receivable balance with the Russian franchise partner of £4.3 million has been fully impaired as it is no longer expected to be recoverable due to the on-going financial difficulties experienced by the partner.

11. Taxation

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Current tax:		
UK corporation tax on profits of the period	8.1	2.5
Double tax relief	(0.2)	—
UK prior year adjustment	(2.8)	(4.4)
Overseas tax	0.5	0.1
Overseas prior year adjustment	0.1	0.1
Total current tax	5.7	(1.7)
Deferred tax:		
Origination and reversal of temporary differences	(1.7)	(8.8)
Impact of change in UK corporation tax rate	(3.5)	(3.4)
Adjustment in respect of prior period	(0.8)	(2.6)
Total deferred tax	(6.0)	(14.8)
Income tax credit	(0.3)	(16.5)

11. Taxation (continued)

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	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Profit/(loss) before taxation	3.1	(54.5)
Tax charge on profit at standard rate of 24% (2012: 26%)	0.7	(14.2)
Reasons affecting charge for the period:		
Depreciation on non-qualifying assets	2.0	3.8
Expenses not deductible for tax purposes	1.5	0.3
Foreign tax charged at a different rate than UK standard rate	(0.9)	(0.4)
Tax losses for which no deferred income tax asset was recognised	3.5	4.4
Re-measurement of deferred tax – change in the UK corporation tax rate	(3.5)	(3.4)
Adjustment to current tax charge in respect of prior periods	(2.8)	(4.4)
Adjustment to deferred tax charge in respect of prior periods	(0.8)	(2.6)
Income tax credit	(0.3)	(16.5)

On 5 July 2011, Finance Act 2011 was substantively enacted, reducing the main rate of corporation tax to 25% with effect from 1 April 2012. On 26 March 2012 a reduction to 24% with effect from 1 April 2012 was substantively enacted via a resolution passed by Parliament. Finance Act 2012 was substantively enacted on 3 July 2012 and reduced the main rate of corporation tax to 23% with effect from 1 April 2013. Closing deferred tax balances have therefore been valued at 23% (2012: 25%).

Recent Budget statements included proposals for further reductions to 21% from 1 April 2014 and 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, the effects of these are not included in these financial statements.

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	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Deferred tax:		
Foreign exchange movements taken to translation reserve	(0.1)	0.7
Other temporary differences	(3.9)	(3.1)
Tax expense on items recognised directly in equity	(4.0)	(2.4)

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	
	30 March 2013	24 March 2012
	£m	£m
Deferred tax asset to be recovered within 12 months	17.3	22.6
Deferred tax asset to be recovered after more than 12 months	12.5	10.5
	29.8	33.1
Deferred tax liability falling due within 12 months	—	—
Deferred tax liability falling due after more than 12 months	(77.7)	(83.0)
	(77.7)	(83.0)
	(47.9)	(49.9)

The movement in the period is as follows:

	Accelerated capital allowances	Brand	Other temporary differences	Total
	£m	£m	£m	£m
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
(Credited)/charged to income statement	(4.1)	(5.6)	3.7	(6.0)
Recognised directly in equity	—	0.1	3.9	4.0
At 30 March 2013	(1.8)	77.5	(27.8)	47.9

There is a deferred tax asset in respect of capital losses of £2.1 million (2012: £2.2 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 £15.2 million (2012: £11.7 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 £1,238.1 million (2012: £1,061.5 million).

12. Dividends

No dividends have been proposed, declared or paid during the periods ended 30 March 2013 or 24 March 2012.

13. Property, plant and equipment

	Freehold land and buildings	Fixtures and equipment	Total
	£m	£m	£m
Cost			
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
Exchange movement	—	1.2	1.2
Additions	9.1	41.5	50.6
Disposals	(6.2)	(23.2)	(29.4)
At 30 March 2013	18.7	552.0	570.7
Accumulated depreciation			
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)
Exchange movement	—	(1.5)	(1.5)
Depreciation charge	(0.2)	(65.3)	(65.5)
Impairment reversal/(loss)	0.4	(3.1)	(2.7)
Disposals	3.0	23.1	26.1
At 30 March 2013	(0.2)	(388.3)	(388.5)
Net Book Value			
30 March 2013	18.5	163.7	182.2
24 March 2012	12.4	191.0	203.4

Freehold land of £6.3 million (2012: £5.6 million) is not depreciated.

Included within fixtures and equipment are assets in the course of construction of £9.3 million (2012: £20.0 million), which are not depreciated.

At 30 March 2013, the Group has entered into contractual commitments for the acquisition of property, plant and equipment amounting to £3.3 million (2012: £23.1 million).

During the previous financial period, the redevelopment of the Group's land on its Mercery Road, Weymouth site, received planning consent. On 27 April 2011, the 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 New Look office building, construction of a new commercial unit and various highway and infrastructure works.

During the financial period ended 30 March 2013, the Group recognised a gain on the disposal of land following completion of clearance works (see note 10).

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 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
Exchange movement	—	0.3	0.3	0.1	0.7
Additions	—	0.2	0.3	15.3	15.8
Disposals	—	—	(2.3)	(2.6)	(4.9)
At 30 March 2013	365.3	318.4	28.0	65.6	777.3
Accumulated amortisation and impairment					
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)
Exchange movement	—	—	—	—	—
Amortisation charge	—	—	—	(8.0)	(8.0)
Impairment reversal/(loss)	—	—	1.4	(0.1)	1.3
Disposals	—	—	1.0	2.6	3.6
At 30 March 2013	—	—	(2.5)	(30.1)	(32.6)
Net book value					
At 30 March 2013	365.3	318.4	25.5	35.5	744.7
At 24 March 2012	365.3	317.9	24.8	28.2	736.2

As at 30 March 2013, the Group had entered into contractual commitments for the acquisition of software amounting to £2.4 million (2012: £0.2 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 reversal of £1.4 million (2012: impairment loss of £2.1 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 three year period from the balance sheet date.

14. Intangible assets (continued)

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

- The forecast operating cash flows for the next three 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 three year plan period is 2.0% per annum (2012: 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 11.1% (2012: 11.0%). For the Mim brand, the resulting cash flows were discounted using a pre tax discount rate of 9.5% (2012: 10.6%). 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 does not believe that any reasonable change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. The recoverable amount exceeds the carrying amount by £73.8 million (2012: £26.4 million).

15. Investment in joint venture

The Group has a 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi, 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	
	30 March 2013	24 March 2012
	£m	£m
Share of the joint venture's balance sheet		
Non-current assets	—	—
Current assets	1.2	2.2
Current liabilities	(1.0)	(1.6)
Non-current liabilities	—	(0.1)
Share of net assets	0.2	0.5
Loan to joint venture	0.8	0.8
Impairment loss	(0.7)	(0.7)
Total investment in joint venture	0.3	0.6

Details of the impairment loss of £0.7 million which was recognised in the prior period are included in note 10.

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Share of the joint venture's result		
Revenue	5.2	11.8
Cost of sales	(4.6)	(11.0)
Administrative expenses	(0.9)	(0.8)
Loss before taxation	(0.3)	—
Taxation	—	—
Loss for the period	(0.3)	—

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 Şirketi 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	
	30 March 2013	24 March 2012
	£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	
	30 March 2013	24 March 2012
	£m	£m
Raw materials and work in progress	1.6	1.2
Finished goods	142.5	131.5
	144.1	132.7

Inventories with a value of £3.2 million (2012: £3.8 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	
	30 March 2013	24 March 2012
	£m	£m
Current		
Trade receivables	14.6	17.3
Other receivables	11.0	8.0
Prepayments	40.4	42.9
Accrued income	1.8	1.0
	67.8	69.2
Non-current		
Other receivables	9.7	7.6
Prepayments	29.5	34.4
	39.2	42.0

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

	As at	
	30 March 2013	24 March 2012
	£m	£m
Sterling	78.0	81.7
Euro	26.8	28.5
US Dollar	0.7	0.6
Roubles	1.5	0.4
	107.0	111.2

Included within the trade and other receivables balance is a bad debt provision for £5.9 million (2012: £3.6 million). There was a bad debt charge in the income statement of £4.5 million (2012: £2.7 million).

As at 30 March 2013, trade and other receivables of £33.0 million (2012: £23.3 million) were fully performing.

As at 30 March 2013, trade and other receivables of £2.2 million (2012: £9.1 million) were past due but not classed as impaired.

The ageing analysis of these is as follows:

	As at	
	30 March 2013	24 March 2012
	£m	£m
Up to 2 months	0.1	8.2
2 to 6 months	2.1	0.9
	2.2	9.1

As of 30 March 2013, trade and other receivables of £6.0 million (2012: £4.1 million) were impaired and £5.9 million (2012: £3.6 million) were provided for. The ageing of these receivables is as follows:

	As at	
	30 March 2013	24 March 2012
	£m	£m
Up to 2 months	1.7	0.8
2 to 6 months	4.3	3.3
	6.0	4.1

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

	As at	
	30 March 2013	24 March 2012
	£m	£m
At start of period	3.6	1.5
Provisions for receivables impairment	4.5	2.7
Receivables written off during the period	(2.2)	(0.6)
	5.9	3.6

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	
	30 March 2013	24 March 2012
	£m	£m
Current assets		
Foreign currency contracts	17.5	4.8
Interest rate swaps	—	—
Embedded foreign exchange derivatives	0.1	0.6
	17.6	5.4

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	
	30 March 2013	24 March 2012
	£m	£m
Cash at bank and in hand	43.5	41.1
Short term deposits	67.9	169.2
Blocked cash	2.2	2.0
	113.6	212.3

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	
	30 March 2013	24 March 2012
	£m	£m
Current		
Trade payables	105.3	93.0
Other taxation and social security	11.5	24.4
Other payables	2.5	13.9
Accruals	89.8	83.9
Interest accrual	0.4	1.8
Deferred income	36.7	23.8
Liability for cash settled share based payments	—	0.5
	246.2	241.3
Non-current		
Liability for cash settled share based payments	0.7	0.2
Other taxation and social security	0.3	0.5
Other payables	2.4	0.9
Deferred income	88.0	108.5
	91.4	110.1

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 £41.5 million (2012: £30.1 million) relating to inventory.

22. Financial liabilities

	As at	
	30 March 2013	24 March 2012
	£m	£m
Current		
Bank loans	59.5	121.1
	59.5	121.1
Non-current		
Bank loans	408.6	464.7
PIK debt	741.5	717.1
	1,150.1	1,181.8

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

23. Derivative financial instrument liabilities

	As at	
	30 March 2013	24 March 2012
	£m	£m
Current liabilities		
Foreign currency contracts	0.2	0.4
Interest rate swaps	2.4	4.6
Embedded foreign exchange derivatives	0.8	0.1
	3.4	5.1
Non-current liabilities		
Interest rate swaps	0.8	1.5
	0.8	1.5

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	
	30 March 2013	24 March 2012
	Carrying amount and fair value £m	Carrying amount and fair value £m
Financial assets		
Cash and short term deposits	113.6	212.3
Foreign currency contracts	17.5	4.8
Interest rate swaps	—	—
Available for sale financial assets	0.3	0.3
Embedded foreign exchange derivatives	0.1	0.6
Financial liabilities		
Bank loans	468.1	585.8
PIK debt	741.5	717.1
Foreign currency contracts	0.2	0.4
Interest rate swaps	3.2	6.1
Embedded foreign exchange derivatives	0.8	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 £74.2 million less than (2012: £322.7 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	
	30 March 2013	24 March 2012
	£m	£m
Notional amount of outstanding foreign currency contracts	350.9	275.0
Notional amount of outstanding interest rate swaps and cap	275.0	300.0

The foreign currency contracts have expiry terms of between 1 and 12 months (2012: 1 and 15 months). The interest rate swap contracts have expiry terms of between 1 and 20 months (2012: 1 and 30 months).

24. Financial instruments (continued)

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 30 March 2013					
Available for sale financial assets	—	—	—	0.3	0.3
Derivative financial instruments	—	0.1	17.5	—	17.6
Trade and other receivables (excluding prepayments)	37.1	—	—	—	37.1
Cash and short term deposits	113.6	—	—	—	113.6
	150.7	0.1	17.5	0.3	168.6

	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 30 March 2013				
Borrowings	—	—	1,209.6	1,209.6
Derivative financial instruments	0.8	3.4	—	4.2
Trade and other payables (excluding deferred income)	—	—	212.9	212.9
	0.8	3.4	1,422.5	1,426.7

	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

The following table presents the Group's assets and liabilities that are measured at fair value at 30 March 2013:

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Assets				
Foreign currency contracts	—	17.5	—	17.5
Interest rate swaps	—	—	—	—
Embedded foreign exchange derivatives	—	0.1	—	0.1
Total assets	—	17.6	—	17.6
Liabilities				
Foreign currency contracts	—	0.2	—	0.2
Interest rate swaps	—	3.2	—	3.2
Embedded foreign exchange derivatives	—	0.8	—	0.8
Total liabilities	—	4.2	—	4.2

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 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

24. Financial instruments (continued)

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	
	30 March 2013	24 March 2012
	£m	£m
Trade receivables		
Counterparties without external credit rating:		
Group 1	2.3	1.7
Group 2	0.3	0.2
Group 3	12.0	15.4
Total trade receivables	14.6	17.3

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 30 March 2013, the Group had £108.5 million of cash and cash equivalents (2012: £209.8m) held with institutions rated 'A' or above, £3.4 million (2012: £1.8 million) held with institutions rated 'A-' and £1.7 million (2012: £0.7 million) held with institutions rated 'BBB', with a combined credit limit of £540.0 million (2012: £540.0 million).

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 30 March 2013, the Group had derivative financial assets of £17.5 million (2012: £4.8 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 30 March 2013	£m	£m	£m	£m
Borrowings	59.5	31.9	1,118.2	—
Derivative financial instruments	2.4	0.8	—	—
Trade and other payables	209.5	3.4	—	—

	<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	—	—

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 30 March 2013	£m	£m	£m	£m
Forward foreign exchange contracts – cash flow hedges				
Outflow	333.6	0.6		
Inflow	350.4	0.7		

	<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	—	—

Embedded foreign exchange derivatives

At 30 March 2013, 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	
	30 March 2013	24 March 2012
	£m	£m
Fair value of embedded foreign exchange derivatives	(0.7)	0.5

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	
	30 March 2013	24 March 2012
	£m	£m
Fair value of hedging instruments, qualifying for hedge accounting	17.3	4.4
Fair value of hedging instruments, not qualifying for hedge accounting	—	—
	17.3	4.4

25. Hedging activities (continued)

Interest rate swaps

At 30 March 2013, the Group had entered into interest rate swaps of £275.0 million (2012: £300.0 million) as partial cash flow hedges of the interest rate risk associated with the drawn down loans of the Group of £1,209.6 million (2012: £1,302.9 million). The Group pays fixed rates on the swap agreements of between 0.615% to 2.2475% (2012: 1.09% to 5.22%). The interest rate swap expiry dates are between June 2014 and December 2014. The fair values of the interest rate swaps are as follows:

	As at	
	30 March 2013	24 March 2012
	£m	£m
Fair value of interest rate swaps, qualifying for hedge accounting	(3.2)	(6.1)
Fair value of interest swaps, not qualifying for hedge accounting	—	—
	(3.2)	(6.1)

Movement in fair values

	Foreign exchange contracts	Interest rate swaps	Embedded derivatives	Total
	£m	£m	£m	£m
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)
Fair value loss through income statement	—	—	(1.2)	(1.2)
Fair value gain to reserves	12.9	2.9	—	15.8
Fair value at 30 March 2013	17.3	(3.2)	(0.7)	13.4

The fair value gain (2012: gain) to reserves comprises a net £18.8 million gain (2012: net £6.8 million) recognised in equity during the period offset by the recycling of a £3.0 million gain (2012: £4.3 million loss) removed from equity and included in operating profit during the period.

The ineffective portion recognised in the income statement that arises from cash flow hedges amounts to £nil (2012: loss £0.4 million).

The embedded derivatives are referred to within note 24.

26. Analysis of net debt

	24 March 2012	Cashflow	Non-cash changes	30 March 2013
	£m	£m	£m	£m
Cash and cash equivalents	212.3	(99.7)	1.0	113.6
Bank loans	(585.8)	123.0	(5.3)	(468.1)
PIK debt	(717.1)	38.0	(62.4)	(741.5)
Total net debt	(1,090.6)	61.3	(66.7)	(1,096.0)

	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)

Included in non-cash changes are £4.8 million (2012: £4.2 million) deferred interest rolled over to the carrying value of the Mezzanine debt, £71.5 million (2012: £66.5 million) deferred interest rolled over to the carrying value of the PIK loan, £9.1 million gain on buy back of PIK debt below par and £0.5 million loss (2012: £3.3 million gain) on Euro loan revaluations.

27. Interest rate risk and liquidity risk

On 4 July 2012, Trinitybrook Limited, a fully owned subsidiary in the Group executed an agreement with the Facility Agents HSBC and Unicredit Bank AG, London Branch which was supplemental to and amended the Senior Facility Agreement and the Mezzanine Facilities Agreement originally dated 24 May 2005 and subsequent amendments.

The executed agreement amended the Senior debt profile, with 5 new tranches (B4, B5, C4, C5 and D2) added to the existing 6 tranches and a reallocation of existing borrowings after a mandatory prepayment on the transaction date of £62.0 million.

The costs incurred by the Group to negotiate and execute the amend and extend agreements were £6.8 million, see note 9.

Interest continued to be payable on the outstanding Sterling denominated tranche balances at the GBP Libor rate + cash margin + minimum liquid assets (MLA) rate. On Euro denominated tranches, interest is payable at Euribor + cash margin + MLA.

The PIK margin on the Mezzanine debt determines the amount of interest capitalised into the outstanding balance at each rollover date.

	Cash margin	PIK margin*	Borrowings at 24 March 2012	Repayments 25 March 2012 to 3 July 2012	Capitalised interest 25 March 2012 to 3 July 2012	Translation of Euro borrowings	Reallocation of borrowings	Amended borrowings at 4 July 2012
	%	%	£m	£m	£m	£m	£m	£m
Tranche A†	1.75		8.3	(8.3)	—	—	—	—
Tranche A2†	1.75		3.5	(3.5)	—	—	—	—
Tranche B1	2.75		164.3	(20.3)	—	—	(91.2)	52.8
Tranche B2 (Euro) **	2.75		31.5	(1.3)	—	(1.4)	(21.6)	7.2
Tranche B3	2.75		22.8	(3.5)	—	—	(9.3)	10.0
Tranche B4	4.75		—	—	—	—	100.5	100.5
Tranche B5 (Euro) **	4.75		—	—	—	—	21.6	21.6
Tranche C1	3.25		164.3	(19.9)	—	—	(99.4)	45.0
Tranche C2 (Euro) **	3.25		31.5	(0.4)	—	(1.3)	(21.3)	8.5
Tranche C4	4.75		—	—	—	—	99.4	99.4
Tranche C5 (Euro) **	4.75		—	—	—	—	21.3	21.3
Tranche D1	5.00		80.0	(8.3)	—	—	(65.6)	6.1
Tranche D2	6.00		—	—	—	—	65.6	65.6
Mezzanine	4.50	6.50	79.6	(8.3)	1.2	—	—	72.5
			585.8	(73.8)	1.2	(2.7)	—	510.5

* The PIK margin on the Mezzanine debt increased from 5.50% to 6.50% as a result of the amend and extend transaction.

** The exchange rate for EUR/GBP as at 24 March 2012 was 1.196 and as at the transaction date was 1.248.

† The balance of Tranche A & A2 borrowings were prepaid voluntarily on 26 April 2012 and therefore not included in the amendments.

27. Interest rate risk and liquidity risk (continued)

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 30 March 2013

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	113.6	—	—	—	—	—	113.6
Senior term debt – Tranche B1	(25.3)	—	—	—	—	—	(25.3)
Senior term debt – Tranche B2	(3.6)	—	—	—	—	—	(3.6)
Senior term debt – Tranche B3	(4.8)	—	—	—	—	—	(4.8)
Senior term debt – Tranche B4	—	—	(96.4)	—	—	—	(96.4)
Senior term debt – Tranche B5	—	—	(21.8)	—	—	—	(21.8)
Senior term debt – Tranche C1	(21.5)	(21.5)	—	—	—	—	(43.0)
Senior term debt – Tranche C2	(4.3)	(4.3)	—	—	—	—	(8.6)
Senior term debt – Tranche C4	—	—	(95.3)	—	—	—	(95.3)
Senior term debt – Tranche C5	—	—	(21.5)	—	—	—	(21.5)
Senior term debt – Tranche D1	—	(6.1)	—	—	—	—	(6.1)
Senior term debt – Tranche D2	—	—	(65.6)	—	—	—	(65.6)
Mezzanine debt	—	—	(76.1)	—	—	—	(76.1)
PIK debt	—	—	(741.5)	—	—	—	(741.5)
	54.1	(31.9)	(1,118.2)	—	—	—	(1,096.0)

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
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 D1	—	—	(80.0)	—	—	—	(80.0)
Mezzanine debt	—	—	—	(79.7)	—	—	(79.7)
PIK debt	—	—	—	(717.1)	—	—	(717.1)
	91.2	(207.2)	(177.8)	(796.8)	—	—	(1,090.6)

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, B5, C2 & C5 are denominated in Euros and converted at the period end rate of 1.186 (2012: 1.196).

Interest bearing loans and borrowings

Mezzanine debt, senior term debt and other borrowings under the available ancillary facilities 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 the 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 Sterling LIBOR and Euro EURIBOR, applying to the senior term debt on all B tranches and C tranches are fixed and range from 2.75% to 4.75% (2012: 2.75% to 3.25%). The margin applying to Second Lien tranche D debt ranges from 5.0% to 6.0% (2012: 5.00%). The margin that applied to senior term debt tranche A was subject to a ratchet mechanism whereby it varied from 1.5% to 2.25% subject to the financial performance of the Group (margin applying at 26 April 2012 was 1.75% (2012: 1.75%)). The margin applying to the mezzanine debt is fixed at 11.0% of which 4.5% is settled in cash and 6.5% is capitalised at the end of each interest period. (2012: 10.0% - 4.5% cash settled and 5.5% capitalised). The margin applying to the PIK loan is 9.0% (2012: 9.0%) subject to a margin adjustment linked to the consolidated EBITDA of Trinitybrook Limited and its subsidiaries.

The amendment provided the Group with the ability to repay part of the PIK debt held by Pedalgreen Limited based on a covenant leverage test. Where, as at a reporting period end, the consolidated total net borrowings of the Group divided by the covenant LTM EBITDA of the Group is less than two and continues to remain less than two for 12 months from that reporting period end. Pedalgreen Limited can pay down an amount of the PIK debt up to a limit of £25.0 million in the first year and then within the available excess cash PIK basket thereafter.

The PIK basket mechanism of buying back the PIK starts at £25.0 million at the date of the transaction and continues to build using 50% of retained excess cash flow, calculated on a quarterly basis in line with filing of covenant compliance certificates.

In November 2012, December 2012 and February 2013, the Group achieved the leverage test to enable the three PIK debt buy back and cancellations during the financial period. NL Bowline Limited, a wholly owned subsidiary of Pedalgreen Limited, was incorporated as a special purpose vehicle to facilitate the buy back. £47.1 million of PIK debt was repurchased during the financial period for consideration of £38.0 million resulting in a gain on cancellation of £9.1 million (see note 9).

Borrowing facilities

At 30 March 2013, the Group had the following undrawn committed facilities available:

	As at	
	30 March 2013	24 March 2012
	£m	£m
Expiring within one year	5.0	55.0
Expiring in more than one year	10.8	—

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. £5.0 million (2012: £5.0 million) expires within one year and is an undrawn annual facility subject to an annual review.

£10.8 million is an undrawn committed revolving credit facility and matures in more than one year (2012: £50.0 million). The Group's subsidiaries are party to a cross guarantee on the revolving credit facility.

As part of the 'Amend and Extend' agreement with the Senior and Mezzanine Facility Agents, the amount of the cross guarantee on the UK borrowing facilities was reduced to £15.8 million from £55.0 million. The £5.0 million undrawn annual facility remained unchanged. The undrawn committed revolving credit facility was reduced to £10.8 million and matures in more than one year.

As a result of the refinancing on 14 May 2013, the revolving credit facility and overdraft limit were ceased. For further details on the refinancing transaction see note 37.

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 £48.1 million (2012: £51.9 million) were outstanding under these arrangements.

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	Dilapidations provisions £m	Total £m
At 26 March 2011	0.2	16.0	0.8	17.0
Arising during the period	—	11.5	0.2	11.7
Utilised	—	(4.8)	—	(4.8)
Reversal of unused amounts	(0.2)	(4.1)	(0.2)	(4.5)
Exchange difference	—	(0.2)	—	(0.2)
At 24 March 2012	—	18.4	0.8	19.2
Arising during the period	—	6.3	0.1	6.4
Utilised	—	(3.7)	(0.4)	(4.1)
Reversal of unused amounts	—	(6.1)	—	(6.1)
Exchange difference	—	0.1	—	0.1
At 30 March 2013	—	15.0	0.5	15.5

	As at	
	30 March 2013 £m	24 March 2012 £m
Current	5.7	7.5
Non-current	9.8	11.7
	15.5	19.2

Onerous lease provisions

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

Dilapidations provisions

The dilapidations provision of £0.5 million (2012: £0.8 million) is expected to be utilised over one to 24 months.

Relocation provisions

The credit to the consolidated income statement in the period to 24 March 2012 for relocation costs is explained in note 10. The majority of the relocation provision related to redundancies and related costs and the balance of the unused provision was reversed during the period ended 24 March 2012.

29. Operating lease commitments

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

	As at	
	30 March 2013	24 March 2012
	£m	£m
Not later than one year	175.6	174.9
Later than one year and not later than five years	577.1	598.5
Later than five years	607.2	714.8
	1,359.9	1,488.2

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 £3.6 million (2012: £4.5 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	
	30 March 2013	24 March 2012
	Number	Number
	000s	000s
Shares in issue at the beginning of the period	40,432	58,932
Shares purchased by ESOP from senior management in the period	(6,000)	(18,500)
Shares in issue at the end of the period	34,432	40,432

30. Share based payments (continued)

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, August 2011, September 2012 and February 2013 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. Under the fourth tranche, 20.0% vested on 18 September 2012 and 20.0% on each anniversary from the grant date until the fourth anniversary. Under the fifth tranche, 20.0% vested on 18 February 2013 and 20.0% on each anniversary from the grant date until the fourth 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 (2012: 1.0p).

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.

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

	March 2012 - March 2013 Number of share options	March 2011 - March 2012 Number of share options
	000s	000s
Outstanding at the beginning of the period	32,719	35,147
Granted in the period	64,321	16,500
Exercised in the period	—	—
Lapsed in the period	—	—
Forfeited in the period	(4,941)	(18,928)
Outstanding at the end of the period	92,099	32,719
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	36 months	37 months
Weighted average share price at the date of exercise (pence)	—	—
Weighted average exercise price (pence)	4.0p	13.0p
Market value at period end (pence)	1.0p	1.0p
Highest market value (pence)	1.0p	6.0p
Lowest market value (pence)	1.0p	1.0p

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 30 March 2013, 1,882,105 (2012: 2,612,105) 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 2012 - March 2013 Number of share options 000s	March 2011 - March 2012 Number of share options 000s
Outstanding at the beginning of the period	2,612	5,398
Granted in the period	—	—
Exercised in the period	—	(745)
Lapsed in the period	—	—
Forfeited in the period	(730)	(2,041)
Outstanding at the end of the period	1,882	2,612
Exercisable at the end of the period	1,882	2,612
Weighted average remaining contractual life (months)	43 months	55 months
Weighted average share price at the date of exercise (pence)	1.0p	24.6p
Weighted average exercise price (pence)	14.0p	14.0p
Market value at period end (pence)	1.0p	1.0p
Highest market value (pence)	1.0p	6.0p
Lowest market value (pence)	1.0p	1.0p

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 30 March 2013 and 24 March 2012:

	30 March 2013 2006 Option Plan	30 March 2013 2008 Share Plan	24 March 2012 2006 Option Plan	24 March 2012 2008 Share Plan
Weighted average fair value (pence)	16.22	1.70	14.46	3.98
Weighted average share price (pence)	38.00	3.72	38.00	11.00
Exercise price (pence)	38.00	1.00 to 25.00	38.00	1.00 to 25.00
Expected volatility (%)	36.20	35.50 to 45.70	38.10	31.90 to 46.70
Expected life of option (years)	6.10	3.00 to 6.92	5.10	3.00 to 5.92
Dividend yield (%)	0.00	0.00 to 2.00	0.00	0.00 to 2.00
Risk-free interest rate (%)	4.00	1.75 to 4.00	2.75	2.25 to 2.75

30. Share based payments (continued)

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	
	30 March 2013	24 March 2012
	Number 000s	Number 000s
Shares controlled by the ESOPs at the beginning of the period	74,672	45,965
Shares allocated under 2006 Option Plan	—	—
Shares allocated under 2008 Share Plan	(64,321)	(16,500)
Share options exercised in 2006 Option Plan	—	745
Shares repurchased from 2006 Option Plan	730	2,041
Shares purchased from Senior Management Scheme	6,000	18,500
Shares purchased by the ESOPs in the period	6,601	23,921
Shares controlled by the ESOPs at the end of the period	23,682	74,672

Effect on financial statements

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.

The effect of accounting for share based payments, in accordance with IFRS 2, on the Group's profit before taxation (2012: loss) for the periods is as follows:

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Equity settled share based payment schemes	0.1	(0.9)
Cash settled share based payment schemes	(0.3)	1.8
Total share based payment (credit)/expense	(0.2)	0.9

31. Share capital

	Share capital £m	Share premium £m	Treasury shares £m	Total £m
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)
Shares disposed of in the period	—	—	0.2	0.2
At 30 March 2013	10.4	0.6	(21.9)	(10.9)

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 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 (note 30)	—	—	—	—	3.0	3.0
Share based payment charge	—	—	—	—	(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)
Total comprehensive income and expense for the period	—	—	15.8	0.9	3.4	20.1
Tax on total comprehensive income and expense for the period	—	—	(3.9)	(0.1)	—	(4.0)
Purchase of treasury shares (note 30)	—	—	—	—	—	—
Share based payment charge	—	—	—	—	0.1	0.1
ESOPs shares unallocated in the period	—	—	—	—	—	—
Reserve transfer for exercised shares in the period	—	—	—	—	—	—
Actuarial loss on post employment benefit obligations	—	—	—	—	(0.5)	(0.5)
At 30 March 2013	(285.3)	0.7	7.8	10.4	(36.6)	(303.0)

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.

32. Reconciliation of movements in equity (continued)

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 30 March 2013, the ESOPs held 102,914,649 (2012: 117,185,649) Ordinary A shares of 1.0p each in New Look Retail Group Limited and 323,408 (2012: 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 30 March 2013, £0.2 million (2012: £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 (2012: £1.2 million).

In France, the Group operates an unfunded defined benefit arrangement in accordance with French legal requirements which consists of a single payment at the date of retirement. The scheme is uninsured and has no assets. An actuarial assessment was carried out as at 31 March 2013 by an independent actuary, using the projected unit method. The major assumptions were:

	As at	
	30 March 2013	24 March 2012
	%	%
Rate of increase in salaries	2.5 – 3.0	2.5 – 3.0
Discount rate	2.75	5.0
Price inflation	2.0	2.0

The liability at 30 March 2013 was £1.7 million (2012: £1.0 million), which is included in accruals. The pension cost recognised in the income statement was £1.0 million (2012: £0.9 million) and a charge of £0.5 million (2012: £nil) was recognised in Other Comprehensive Income in relation to actuarial losses.

35. Related party transactions

ESOPs

At the end of the financial period, the ESOPs owed New Look Retail Group Limited £25.1 million (2012: £24.4 million).

Lease Agreement

The Group paid rent of £nil (2012: £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 expired on 21 March 2013, was subject to five-yearly, upward only, rent reviews to market value. The Group also paid £0.5 million (2012: £nil) as final settlement for dilapidations following lease expiry.

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 (2012: 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 £nil (2012: £1.8 million) was agreed with and invoiced to Landmark in the financial period as a result of renewing the franchise agreement for another term. £0.4 million (2012: £1.4 million) has been recognised through the income statement in the current financial period, being the amortisation of territory fees over the term of the agreement.

Transactions with franchisee

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Sale of goods and handling charges	30.1	30.2
Franchise royalty income	0.4	1.4

	As at	
	30 March 2013	24 March 2012
	£m	£m
Balance due from franchisee at the end of the financial period	3.0	5.0

Included within the balance due from franchisee is a provision of £nil (2012: £nil).

	As at	
	30 March 2013	24 March 2012
	£m	£m
Investment in PIK loan	87.4	79.4

During the financial period £nil (2012: £nil) of PIK loans were purchased, £nil (2012: £nil) was disposed of by the franchisee and £8.0 million (2012: £7.4 million) of interest was rolled up into the PIK during the period.

As a result of the refinancing transaction on 14 May 2013, 50% of the investment in PIK loan was settled for cash and the remaining 50% was rolled forward into a new PIK loan. For further details of the refinancing transaction see note 37.

35. Related party transactions (continued)

Transactions with Directors and key management

As at 30 March 2013, there were loans outstanding with one key manager (2012: one), totalling £0.5 million (2012: £0.4 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, under the 2008 share plan, T Singh acquired beneficial ownership of shares on 18 September 2012 and 18 February 2013 by way of a cash payment to New Look Retail Group Limited, A McGeorge acquired beneficial ownership of shares on both 25 August 2011 and 18 September 2012 by way of a loan from New Look Retail Group Limited and A Kristiansen acquired beneficial ownership of shares on 18 February 2013 by way of a loan from New Look Retail Group Limited. As at 30 March 2013, the loan outstanding was £0.4 million (2012: £0.2 million), which is repayable in full on sale of the shares and change of control of the business. Interest is charged on this loan at the applicable HMRC rate.

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

	As at	
	30 March 2013	24 March 2012
	£m	£m
Investment in PIK loan	7.1	6.5

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.

During the period £0.6 million (2012: £0.6 million) of interest was rolled up into the PIK, £nil (2012: £nil) of additional PIK loan was purchased and £nil (2012: £nil) disposed of by Directors and key management.

During the period, £0.1 million (2012: £nil) was payable in monitoring fees to Rianta Capital Limited, an advisory company owned by T Singh's Family Trusts.

As a result of the refinancing transaction on 14 May 2013, 50% of the investment in PIK loan was settled for cash and the remaining 50% was rolled forward into a new PIK loan. For further details of the refinancing transaction see note 37.

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	
	30 March 2013	24 March 2012
	£m	£m
Investment in PIK loan	108.4	124.8

During the financial period £nil (2012: £nil) of PIK loans were purchased, £29.0 million (2012: £nil) was disposed of by entities advised by a private equity investor and £12.6 million (2012: £11.3 million) of interest was rolled up into the PIK during the period.

As a result of the refinancing transaction on 14 May 2013, 50% of the investment in PIK loan was settled for cash and the remaining 50% was rolled forward into a new PIK loan. For further details of the refinancing transaction see note 37.

Transactions with joint venture

	For the financial periods	
	53 weeks ended 30 March 2013	52 weeks ended 24 March 2012
	£m	£m
Purchases from joint venture	10.4	23.6

Included within the trade receivables is a balance of £nil (2012: £2.1 million) owed by the joint venture, which was fully provided for in the prior period.

Included within trade payables is a balance of £nil (2012: £1.3 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
NL Bowline Limited	England and Wales	Debt buy back 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 holding and rental
New Look Overseas Limited	England and Wales	Intermediate holding company
Weymouth Gateway Property Management Limited	England and Wales	Commercial property management
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 holding and rental
New Look France SAS	France	Fashion retail
New Look Belgium SA	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

Note:

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

A full list of subsidiary undertakings as at 30 March 2013 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 Şirketi, a joint venture incorporated in Turkey, whose principal trading activity is retail manufacturing.

37. Events after the reporting period

On 3 May 2013, New Look Retail Group Limited and its subsidiaries underwent a Group reorganisation and issued senior secured bonds. These bonds were issued on 14 May 2013. The finance raised was used to repay the existing debt under the Senior and Mezzanine Facility Agreements and to acquire 50% of the outstanding PIK in cash, with the remaining PIK being acquired for a new PIK instrument at par value.

The refinance included a restructure of the Group whereby Trinitybrook Limited sold its investment in Hamperwood Limited to New Look Finance Limited (a new intermediate holding company). New Look Finance Limited now holds the direct investment in Hamperwood. New Look Finance Limited also has a direct investment in New Look Finance II plc and New Look Bondco I plc.

37. Events after the reporting period (continued)

New Look Bondco I plc issued the senior secured bonds which are made up of three tranches of Sterling, USD and Euro. The Sterling and USD bonds are at fixed coupon rates and the Euro bond is at the prevailing floating rate of interest based upon short term inter-bank rates (EURIBOR) plus a fixed margin.

New Look Finance Limited purchased 50% of the existing PIK in cash and New Look Finance II plc then issued a new PIK instrument in exchange for the remaining PIK.

Total transaction costs incurred are expected to be approximately £27.0 million. £3.1 million of these costs were incurred in the 53 weeks to 30 March 2013 and have been expensed in full (see note 9 and 10). Those costs that are directly attributable to the issue of the bonds will be capitalised against the value of the new borrowings and amortised as an interest expense over the maturity period of the debt. Those costs that relate to the extinguishment of the Senior, Mezzanine and PIK debts will be expensed in full.

The table below provides details of the new debt tranches and the cash and PIK margins:

	Cash margin %	PIK margin %	Borrowings as at 30 March 2013	Capitalised interest 31 March 2013 to 14 May 2013	Translation of Euro borrowings	Purchases, repayments & bond issue	Amended borrowings as at 14 May 2013
Senior - Tranche B1	2.75		25.3	—	—	(25.3)	—
Senior - Tranche B2 (Euro)*	2.75		3.6	—	0.1	(3.7)	—
Senior - Tranche B3	2.75		4.8	—	—	(4.8)	—
Senior - Tranche B4	4.75		96.4	—	—	(96.4)	—
Senior - Tranche B5 (Euro)*	4.75		21.8	—	0.2	(22.0)	—
Senior - Tranche C1	3.25		43.0	—	—	(43.0)	—
Senior - Tranche C2 (Euro)*	3.25		8.6	—	—	(8.6)	—
Senior - Tranche C4	4.75		95.3	—	—	(95.3)	—
Senior - Tranche C5 (Euro)*	4.75		21.5	—	0.1	(21.6)	—
Second Lien - Tranche D1	5.00		6.1	—	—	(6.1)	—
Second Lien - Tranche D2	6.00		65.6	—	—	(65.6)	—
Mezzanine Debt	4.50	6.50	76.1	0.6	—	(76.7)	—
PIK debt		9.00	741.5	4.9	—	(746.4)	—
New PIK debt		12.00	—	—	—	373.2	373.2
Senior bonds – Sterling	8.75		—	—	—	500.0	500.0
Senior bonds – USD**	8.375		—	—	—	164.0	164.0
Senior bonds - Euro*	6.25		—	—	—	148.7	148.7
			1,209.6	5.5	0.4	(29.6)	1,185.9

*The exchange rate for EUR/GBP as at 30 March 2013 was 1.1856 and 1.1771 as at the date of transaction.

**The exchange rate for USD/GBP as at the date of transaction was 1.5240.

The Group entered into foreign currency contracts on 3 May 2013 to hedge the exchange risk arising between pricing the bond on 3 May 2013 and settlement on 14 May 2013. The hedged rates were 1.1878 for the Euro bond and 1.5581 for the USD bond. The foreign currency contracts fixed the total cash proceeds received in sterling at £807.8m.

The senior bonds are repayable in full on 14 May 2018. An early repayment option exists after two years and is repayable at par plus 50% coupon up to 14 May 2016 and at par plus 25% coupon up to 14 May 2017. After four years the bonds are repayable at par.

Interest on the PIK is rolled into the carrying value of the debt although an option exists to pay the PIK interest in cash. The PIK debt matures in full on 14 November 2018.

On the 3 May 2013 the Group also entered into a re-negotiated revolving credit facility for £75 million which has a final termination date of 3 February 2018. The revolving credit facility is subject to quarterly covenant leverage reporting on an annualised basis beginning on the quarter ending 28 June 2014.

38. 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 30 March 2013 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 Statement of Directors' Responsibilities set out on page 51, 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. 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 parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 March 2013;
- 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 30 March 2013.



Alan Kinnear (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

24 May 2013

Notes:

- 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

		As at	
		30 March 2013	24 March 2012
	Notes	£m	£m
Fixed assets			
Investments	5	34.3	34.5
Current assets			
Other debtors (including £3.4 million (2012: £1.9 million) due after one year)		3.4	1.9
Cash at bank and in hand		0.3	0.2
Current liabilities			
Creditors: Amounts falling due within one year	6	(28.9)	(28.3)
Net current liabilities		(25.2)	(26.2)
Total assets less current liabilities		9.1	8.3
Creditors: Amounts falling due after more than one year	7	(3.4)	(2.1)
Net assets		5.7	6.2
Capital and reserves			
Called up share capital	9	10.4	10.4
Share premium account	10	0.6	0.6
Treasury shares	11	(21.9)	(22.1)
ESOP reserve	12	0.7	0.7
Profit and loss account	13	15.9	16.6
Total shareholders' funds	14	5.7	6.2

The financial statements on page 110 to 117 were approved by the Board of Directors on 24 May 2013 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 53 weeks ended 30 March 2013 were authorised for issue by the Board of Directors on 24 May 2013 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 30 March 2013 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 £767,000 (2012: loss £740,000). The Company has no recognised gains or losses (2012: 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 borne by another Group company (2012: £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.

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

5. Investments

	As at	
	30 March 2013	24 March 2012
	£m	£m
Cost and NBV at the start of the period	34.5	33.6
Capital contribution in respect of share based payments	(0.3)	0.9
Acquired in the period	0.1	—
Cost and NBV at the end of the period	34.3	34.5

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
NL Bowline Limited	England and Wales	Debt buy back 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 holding and rental
New Look Overseas Limited	England and Wales	Intermediate holding company
Weymouth Gateway Property Management Limited	England and Wales	Commercial property management
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 holding and rental
New Look France SAS	France	Fashion retail
New Look Belgium SA	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

Note:

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

A full list of subsidiary undertakings as at 30 March 2013 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 Şirketi, a joint venture incorporated in Turkey, whose principal trading activity is retail manufacturing.

6. Creditors: amounts falling due within one year

	As at	
	30 March 2013	24 March 2012
	£m	£m
Amounts owed to Group undertakings	28.7	27.9
Other taxation and social security	0.1	0.3
Corporation tax	0.1	0.1
	28.9	28.3

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	
	30 March 2013	24 March 2012
	£m	£m
Other creditors	2.4	0.9
Other taxation and social security	0.3	0.5
Liability for cash settled share based payments	0.7	0.7
	3.4	2.1

8. Financial commitments

The Company had no capital commitments at 30 March 2013 (2012: none).

9. Called up share capital

	As at	
	30 March 2013	24 March 2012
	£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 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 1p and on 21 August 2009 468,660 Ordinary A shares of 1p 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 account

	As at	
	30 March 2013	24 March 2012
	£m	£m
Share premium as at 30 March 2013 and 24 March 2012	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 30 March 2013 the ESOP held 102,914,649 (2012: 117,185,649) Ordinary A shares of 1.0p each in the Company and 323,408 (2012: 323,408) Ordinary B shares of 1.0p each in the Company.

	As at	
	30 March 2013	24 March 2012
	£m	£m
Opening treasury shares	(22.1)	(19.1)
Share disposed of/(purchased) in the period	0.2	(3.0)
Closing treasury shares	(21.9)	(22.1)

12. ESOP reserve

	As at	
	30 March 2013	24 March 2012
	£m	£m
Opening ESOP reserve	0.7	0.8
Shares unallocated in the period	—	(0.2)
Reserve transfer for exercised shares in the period	—	0.1
Closing ESOP reserve	0.7	0.7

13. Profit and loss account

	As at	
	30 March 2013	24 March 2012
	£m	£m
Opening profit and loss account	16.6	15.1
Loss for the financial period (note 3)	(0.8)	(0.7)
Reserve transfer for exercised shares in the period	—	(0.1)
Share based payment credit/(charge)	0.1	(0.9)
Purchase of treasury shares and beneficial rights	—	3.2
Closing profit and loss account	15.9	16.6

14. Reconciliation of movement in shareholders' funds

	As at	
	30 March 2013	24 March 2012
	£m	£m
Loss for the financial period (note 3)	(0.8)	(0.7)
Shares issued from/(to) ESOP from treasury shares (note 11)	0.2	(3.0)
Shares purchased and unallocated in the period (note 12)	—	(0.2)
Purchase of treasury shares and beneficial rights (note 13)	—	3.2
Share based payment credit/(charge) (note 13)	0.1	(0.9)
Net movement in shareholders' funds	(0.5)	(1.6)
Opening shareholders' funds	6.2	7.8
Closing shareholders' funds	5.7	6.2

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 £10.8 million (2012: £50.0 million) undrawn committed revolving multi-currency facility as at 30 March 2013. 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. Events after the reporting period

On 3 May 2013, New Look Retail Group Limited and its subsidiaries entered into a series of transactions to issue senior secured bonds, these transactions were settled on the 14 May 2013. The finance raised was used to settle the existing debt under the Senior and Mezzanine Facility Agreements and 50% of the outstanding PIK in cash, with the remaining PIK being exchanged for a new PIK instrument at par value.

The refinance included a restructure of the Group whereby Trinitybrook Limited sold its investment in Hamperwood to New Look Finance Limited (a new intermediate holding company). New Look Finance Limited now holds the direct investment in Hamperwood. New Look Finance Limited also has a direct investment in New Look Finance II plc and New Look Bondco I plc.

New Look Bondco I plc issued the senior secured bonds which are made up of three tranches of Sterling, USD and Euro. The Sterling and USD bonds are at fixed coupon rates and the Euro bond is at the prevailing floating rate of interest based upon short term inter-bank rates (EURIBOR) plus a fixed margin.

New Look Finance Limited settled 50% of the existing PIK in cash and New Look Finance II plc then issued a new PIK instrument in settlement of the remaining PIK.

Total transaction costs incurred as part of the refinance are expected to be approximately £27.0 million. £3.1 million of these costs were incurred in the 53 weeks to 30 March 2013 and have been expensed in full (see note 9 and 10 of the Group financial statements). Those costs that are directly attributable to the issue of the bonds will be capitalised against the value of the new borrowings and amortised as an interest expense over the maturity period of the debt. Those costs that relate to the extinguishment of the Senior, Mezzanine and PIK debts will be expensed in full.

The table below provides details of the new debt tranches and the cash and PIK margins:

	Cash margin %	PIK margin %	Borrowings as at 30 March 2013	Capitalised interest 31 March 2013 to 14 May 2013	Translation of Euro borrowings	Purchases, repayments & bond issue	Amended borrowings as at 14 May 2013
Senior - Tranche B1	2.75		25.3	—	—	(25.3)	—
Senior - Tranche B2 (Euro)*	2.75		3.6	—	0.1	(3.7)	—
Senior - Tranche B3	2.75		4.8	—	—	(4.8)	—
Senior - Tranche B4	4.75		96.4	—	—	(96.4)	—
Senior - Tranche B5 (Euro)*	4.75		21.8	—	0.2	(22.0)	—
Senior - Tranche C1	3.25		43.0	—	—	(43.0)	—
Senior - Tranche C2 (Euro)*	3.25		8.6	—	—	(8.6)	—
Senior - Tranche C4	4.75		95.3	—	—	(95.3)	—
Senior - Tranche C5 (Euro)*	4.75		21.5	—	0.1	(21.6)	—
Second Lien - Tranche D1	5.00		6.1	—	—	(6.1)	—
Second Lien - Tranche D2	6.00		65.6	—	—	(65.6)	—
Mezzanine Debt	4.50	6.50	76.1	0.6	—	(76.7)	—
PIK debt		9.00	741.5	4.9	—	(746.4)	—
New PIK debt		12.00	—	—	—	373.2	373.2
Senior bonds – Sterling	8.75		—	—	—	500.0	500.0
Senior bonds – USD**	8.375		—	—	—	164.0	164.0
Senior bonds - Euro*	6.25		—	—	—	148.7	148.7
			1,209.6	5.5	0.4	(29.6)	1,185.9

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18. 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 Apax Funds and the Permira Funds each hold 27.7% of the total issued share capital.

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NEW LOOK

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Registered in England and Wales under company number 0581 04 06