

NEW LOOK

# ANNUAL REPORT

2015/16



# CONTENTS

<b>Overview</b>	<b>04</b>
<b>Chairman's statement</b>	<b>14</b>
<b>CEO's statement</b>	<b>16</b>
<b>Strategic report</b>	
Our business model	20
Year in review	24
Financial review	32
Risks and uncertainties	42
Corporate social responsibility	46
<b>The Directors' report</b>	
Directors' report	50
Directors' responsibilities statement	54
The Board	56
<b>Financial statements</b>	
Independent auditors' report – group accounts	60
Consolidated income statement	61
Consolidated statement of comprehensive income	62
Consolidated balance sheet	63
Consolidated statement of changes in equity	65
Consolidated statement of cash flows	66
Notes to the group financial statements	67
Independent auditors' report – company accounts	110
Company balance sheet	111
Company statement of changes in equity	112
Notes to the company financial statements	113
Contacts	119

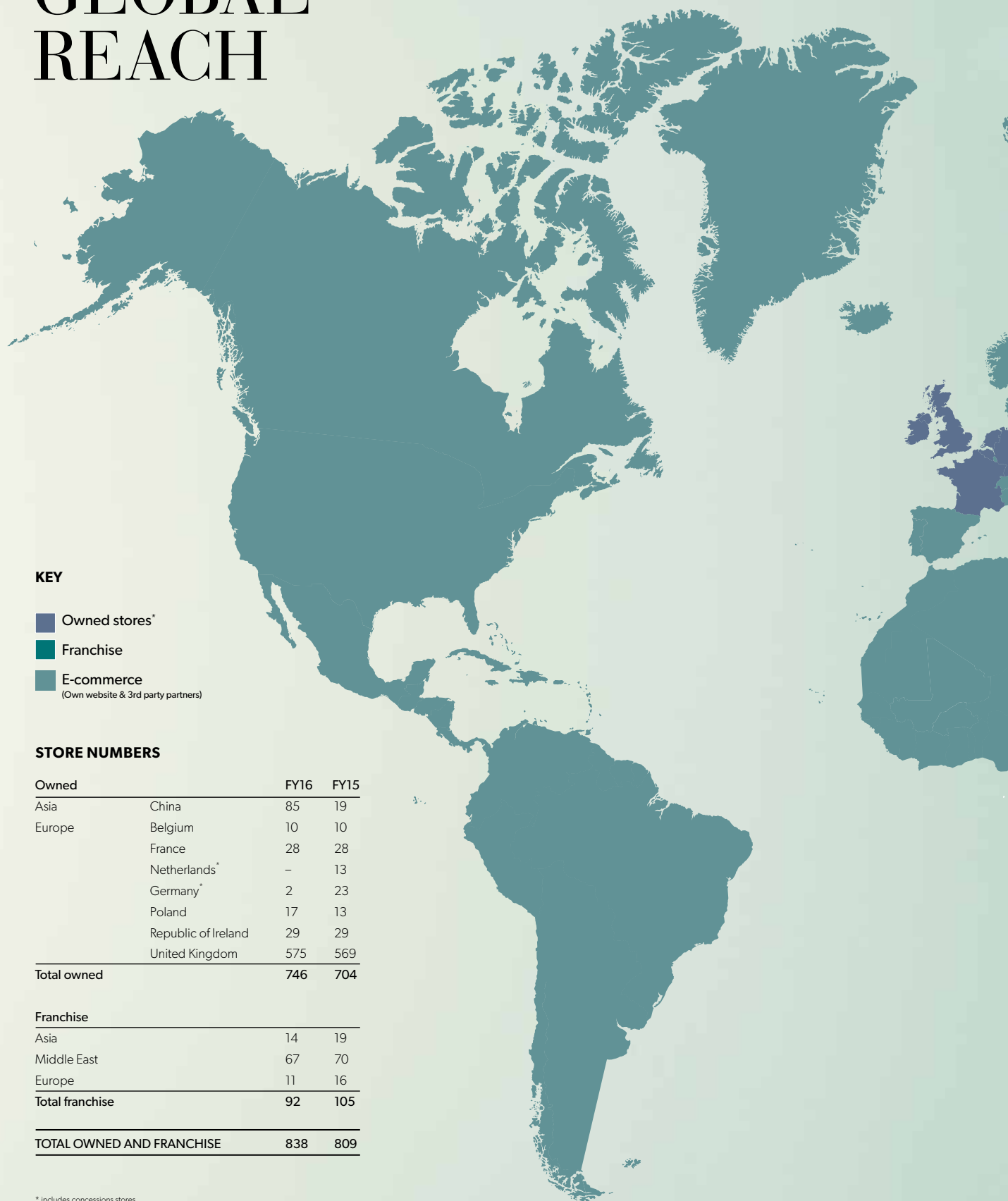




# OVERVIEW



# GLOBAL REACH



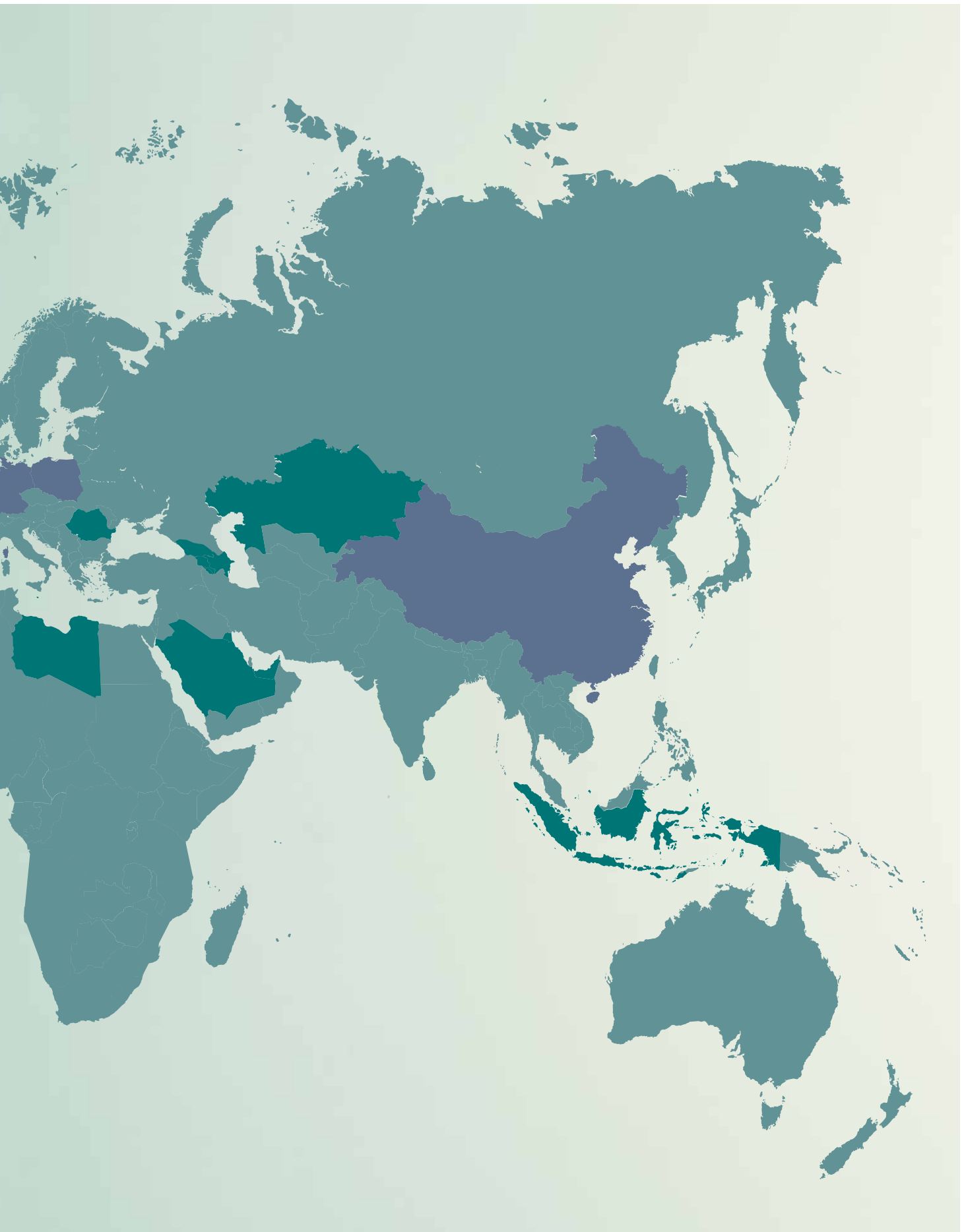
## KEY

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

## STORE NUMBERS

Owned		FY16	FY15
Asia	China	85	19
Europe	Belgium	10	10
	France	28	28
	Netherlands*	–	13
	Germany*	2	23
	Poland	17	13
	Republic of Ireland	29	29
	United Kingdom	575	569
<b>Total owned</b>		<b>746</b>	<b>704</b>
Franchise			
Asia		14	19
Middle East		67	70
Europe		11	16
<b>Total franchise</b>		<b>92</b>	<b>105</b>
<b>TOTAL OWNED AND FRANCHISE</b>		<b>838</b>	<b>809</b>

\* includes concessions stores



# ABOUT NEW LOOK

**New Look is an international multichannel retail brand, offering exciting, on-trend value-fashion for women, men and teenage girls, with 838 stores – 575 in the UK, plus a further 263 around the world**

We also have a fast-growing e-commerce proposition, serving over 120 countries worldwide supported by convenient delivery options and our website is the third most visited fashion website in the UK\*. We have over 4.9 million email subscribers and more than 4.5 million followers on social media.

- Our flexible fast-fashion business is built on an agile global supply chain with the ability to respond quickly to new trends.
- We focus on delivering value for money and 'newness', with hundreds of new product options online and in-store every week.
- Our ranges of apparel, footwear and accessories are designed to sustain broad age appeal and global relevance.
- We strive for consistent product handwriting across all ranges to ensure we can provide complete and compelling fashion looks.
- The strategic pillars of our business – Brand, Multichannel, Product, Menswear and International – are to be complemented with a further pillar focussed on improving gross margin.
- Our great people help us achieve first-class service standards – wherever, whenever and however customers engage with us.

\*Measures by Experian Hitwise March 2016: Shopping and Classifieds – Apparel and Accessories







# KEY OPERATIONAL ACHIEVEMENTS

- No. 1 UK womenswear retailer for women under 35\*
- No.2 womenswear retailer overall in the UK\*
- A top ten ranking in the annual UK Customer Satisfaction Survey\*\*
- Our first 6 New Look Menswear stores launched in the UK
- 66 more stores opened in China
- Strong sales growth of +27.9% from our own website
- 3rd party E-commerce partnerships delivered £48.2 million in sales
- Successful debt refinancing following the acquisition by Brait†

\* Measures by Kantar Worldpanel, 52 weeks to 13 March 2016, by value

\*\* Institute of Customer Service UK Customer Satisfaction Survey (January 2016), Retail (Non Food) sector, versus a cross section of non-food retailers

† Meaning Brait SE ("Brait"), an investment holding company or any of its affiliates or direct or indirect subsidiaries from time to time









# FINANCIAL HIGHLIGHTS\*

\* On a continuing operations basis. For our discussion of the financial results and a full definition of terms see the Financial Review



£1,490.6m

Revenue increased by +5.4%

+3.6%

Like-for-like sales were +3.6% against last year

£784.9m

Gross profit increased by +5.2% (FY15: £745.8 million)

£174.7m

Underlying operating profit increased +14.0%

£227.2m

Adjusted EBITDA increased by +7.0%

£34.4m

Loss after tax\*\* (FY15: £52.9 million profit)

\*\* Excluding net acquisition and refinancing costs of £94.0 million, underlying profit after tax was £59.6 million





# CHAIRMAN'S STATEMENT

**New Look is a success story thanks to our attractive value-fashion offer, reflected in an impressive market share**

New Look is recognised throughout the UK as a leading name in the value-fashion market, renowned for hitting all the key trends. As international awareness of the brand increases, there are exciting prospects for future growth. This made the business an attractive investment opportunity for the Brait team, which acquired New Look in June 2015.

From the outset, I've been impressed by the strategic focus demonstrated across the business, resulting in the robust operating performance of recent years, and I'm proud to have been appointed Chairman of this strong business. We also consistently generate strong cash flow, which facilitates our exciting, coherent and disciplined growth strategy which is focussed on our key strategic initiatives and pursued relentlessly. We've invested in the infrastructure and systems necessary to underpin our growth plans, which has enabled us to become a truly international multichannel business.

Our extensive estate of stores is complemented by a well-developed online presence in the UK. New Look has witnessed early success in China, good initial performance from our new stores in our other key international markets in France and Poland and encouraging reads from Germany. In the year ahead, our international reach will be extended by enhancements to our online capabilities and expansion of our footprint abroad. As part of our drive to support growth, we're moving our London Support Centre to new, larger premises in early 2018.

New Look has a unique proposition. Our compelling mix of fashion and value places us firmly in the fastest growing sector of the UK's apparel and accessories market and is a highly attractive unique selling point in international markets. Thanks to the flexibility and strength of our global supply chain, New Look's lead-times and speed of reaction to trends and market changes remain at the forefront of the industry.

Following the acquisition of the business, members of the Brait team joined the Board in the summer of 2015. The focus, discipline, commitment, and significant retail experience which distinguishes our management team, led by Anders Kristiansen, fosters a strong internal culture centred on our brand values and proven strategy. This has enabled delivery of this year's strong performance and sets a stable platform for the long term goals to which we are all aligned.

I also want to acknowledge the enthusiasm and hard work of the people in our support centres and stores around the world who deliver the great product ranges and customer experience that makes New Look special. Their contribution is crucial to our continued success.

The past year has been transformational for New Look - moving into new ownership under Brait, which is fully committed to long-term support for the business and its strategy. I am confident this will enable Anders and his team to continue building on their recent successes throughout the year ahead and beyond.

John Gnodde  
Chairman  
27 May 2016



# CEO'S STATEMENT

**New Look has had another great year. We've delivered strong performances right across the business, and I'm proud of our achievements**

Following the successful completion of the sale of New Look to Brait and refinancing of our debt, we've continued to deliver on our long-term strategic aims while maintaining focus on the day-to-day running of the business. This ensured we delivered significant progress in each of our strategic initiatives this year: Brand, Multichannel, International, Product and Menswear – as well as a good financial performance.

Our brand is identified by our entrepreneurial spirit, our passion for product, our retailing mindset and the way we place our customers at the very heart of everything we do, consistently providing the fashion know-how, newness and value that wows our customers.

We've continued investing in store refurbishment, delivering a further 114 UK and international stores in our 'concept' format during FY16. We aim to have all our stores converted to this format within the next three years.

Recognition of the improvements we've recently achieved in customer experience was highlighted by our first ever top-ten ranking in the annual UK Customer Satisfaction Survey.\*

As shopping trends and behaviours continue to evolve, a multichannel offering is key to making it as convenient as possible for our customers to shop with us - wherever, whenever, and however they want. We have a wide network of stores and our E-commerce and 3rd Party E-commerce partnerships continue to be our fastest growing channels in FY16. We offer a growing range of options for customer convenience including Click & Collect, Order in Store, home delivery and pick-up from nominated collection points.

Beyond the UK, we continue to focus on our four key priority international markets: China, France, Poland and Germany.

Our presence in China has grown to 85 stores, spread across 20 provinces and 40 cities, and we've seen encouraging like-for-like sales performance from stores that have traded for more than 12 months. In France, we're seeing good results from our new stores and those stores which we've now refitted in our 'concept' format. This has been complemented by strong performance from our local language transactional website. Similarly, our new and refurbished stores in Poland are outperforming the rest of the estate. Our initial German concessions and 3rd Party E-commerce partnerships have raised brand awareness and given us the opportunity to better understand this market. We're planning to open our first directly-owned stores in Germany during the coming year.





We've continued to deliver fast-fashion with the newness and value we're known for, responding to the year's most exciting trends as well as providing strong fashion basics. The strength and appeal of our ranges has helped us retain our long-held position as the No.1 retailer for under-35s in the UK womenswear market.\*\*

Our Activewear range was extended to more stores this year, driving market share gains. Our Going Out range was particularly successful over the key Christmas trading period, while our Petite range was extended and was well received. Our Cosmetics and Fragrance range is now available in the majority of our stores and is a new key area for us, and our teenwear range had its best ever year.

We also launched our first New Look Men standalone stores this year in the UK, with a distinctively masculine and premium-feel interior providing a showcase for our improved menswear product offer. Their strong performance has exceeded our original expectations, giving us the confidence to open a further 20 stores in the coming year.

Around the world, in our stores, support centres, and distribution facilities, our people are truly an asset. They continue to live and breathe our New Look brand values, and strive to put our customers at the heart of everything we do – they are the foundation of our success. I want to thank every one of them for their continuing hard work, dedication and enthusiasm.

Looking to the year ahead, I am confident New Look will continue to build on the successes of this past year, delivering the great brand experience our customers know they can expect from us.

A stylized signature in black ink.

Anders Kristiansen  
**Chief Executive Officer**  
27 May 2016



\* Institute of Customer Service UK Customer Satisfaction Survey, January 2016: Retail (Non Food) sector. New Look ranked 7th (2015: 63rd)

\*\* Measures by Kantar Worldpanel, 52 weeks to 13 March 2016, by value



# STRATEGIC REPORT



# OUR BUSINESS MODEL

New Look is a leading fast-fashion UK brand with a fast-growing multichannel presence and an increasingly international reach. We strive to offer a compelling combination of fashion know-how, newness and value

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## OUR POINT OF DIFFERENCE

Our ranges of apparel, footwear and accessories provide complete fashion looks with distinctive product handwriting. New Look is an inclusive brand, firmly focussed on the needs and fashion aspirations of real people, so our product ranges, which include Petite, Curves and Maternity, are designed to fit and flatter a wide range of shapes and sizes. We offer genuine breadth of choice and age-appeal, as well as great value for money.

Our customers come back time after time because they know we cover emerging trends in a wearable way and develop desirable products at the right time, price and quality. Thanks to our agile supply chain, customers can rely on us to be quick to react and fast to deliver. We introduce hundreds of new product options every week, both online and in our stores around the world to make sure we're always offering something fresh and exciting.

We're always looking at new product categories that we can profitably develop, and recent additions include Activewear for women and our broadened Menswear offer.

## OUR FAST, FLEXIBLE SUPPLY CHAIN

To meet our needs, we currently work with 237 suppliers operating from approximately 853 factories and 30 countries across the globe.

The strong relationships we've built right across our global supply chain give us exceptional flexibility and speed to market. On average, we progress a garment from initial design all the way to shop floor in just 13 weeks; in some instances we can condense our lead time to as little as two weeks. This allows us to 'right-time' our response to ever-changing demand, supporting the strongest trends and emerging best-sellers.

## OUR SHARE OF THE UK MARKET

We're a major player in the UK, where the clothing market is projected to have a total value of £44.2 billion\* in calendar year 2016. New Look operates in the value clothing segment, which, with an estimated value of £13.8 billion, currently represents 31.1% of the overall UK clothing market\*. Although we consider the UK a resilient market with sustained growth, we see growth in the value segment of the clothing market continuing to outstrip the rest of the market for the next two years\*. New Look is well positioned within this segment thanks to its unique fast-fashion and value proposition.

The UK remains New Look's biggest market, generating 83.8% of total sales in FY16, and our share of the UK Womenswear market is 6.1% according to Kantar Worldpanel, the second biggest in this market\*\*.

## OUR UK PRESENCE

You're never far from a New Look store in the UK. We currently operate a total of 575 stores in high street and key shopping mall locations throughout the UK. 327 of these are now trading in our 'concept' format, and we aim to complete conversion of the remainder within the next three years.

As shopping habits continue to evolve, we continue to improve our multichannel offer, with our UK store network complementing and supporting our E-commerce proposition. The broad reach of our store network clearly makes our Click & Collect service a highly attractive option for vast numbers of customers. Our Order in Store option gives in-store shoppers the opportunity to order online from our complete range and lets our customers access their preferred style, colour or size with ease and convenience.

\* © Verdict 2016

\*\* Measures by Kantar Worldpanel, 52 weeks to 13 March 2016, by value





## OUR GLOBAL STORES

We continue to extend our global reach, with 16.2% of New Look sales now generated in markets outside the UK.

Currently we have 171 owned stores in our chosen markets outside the UK and 92 franchise stores in 20 countries, spread across Europe, the Middle East and Asia. After a period of expansion, we are now concentrating on the most profit-generative markets and supporting our key franchise partners in a drive to improve sales performance and thus our royalty income.

## OUR CHANNELS

New Look has evolved into a truly multichannel business, with a rapidly growing online proposition and a very strong social media presence as well as a broad store estate.

With an average of 5 million visits each week, our transactional website at newlook.com is the UK's third most visited online fashion resource\*, achieving a market share of 5.5%\*\* . We also have apps for mobile devices and a fully optimised M-commerce site, enabling customers to browse and buy on smartphones and tablets while on the move.

This connectivity is complemented by our extensive range of convenient service options including Click & Collect, Order in Store, and next day delivery to home or local pick-up point.

For customers in France and Germany, we've developed local language websites. These continue to perform strongly, and we're planning further upgrades to our platforms in the coming year to extend our international capability and bring our global multichannel offer in line with the UK. In addition to a non-transactional website building brand awareness in the Chinese market, we have an online shopping proposition on TMall, China's leading multi-brand transactional website, hosted by the Alibaba Group.

Our 3rd Party E-commerce partnerships, in which we supply New Look product on a wholesale basis to carefully selected international website operators for distribution via their own e-commerce platforms, allow us to capitalise on our partners' local knowledge and expertise. This model provides an attractive low-risk route into new markets where the New Look brand may be unknown or untested, helping to build awareness and test appetite for our product ranges.

## OUR SOCIAL ENGAGEMENT

Building deeper relationships with customers is central to our social media strategy, so we focus on conversation rather than presentation across our many platforms. We're proud to be a leading social brand with high numbers of engaged fans including more than 3 million Facebook 'likes', over 1 million Instagram users and over 370,000 followers on Twitter. In China, we engage with over 290,000 fans across Weibo and WeChat.

\* Measures by Experian Hitwise March 2016: Shopping and Classifieds - Apparel and Accessories

\*\* Measures by Kantar Worldpanel, 52 weeks to 13 March 2016, by value





### **A FULLY SUPPORTIVE INFRASTRUCTURE**

Our directly managed, highly automated distribution centre at Lymedale, Staffordshire has capacity of 180 million units per annum. On average, each week, it currently handles around 3 million units of retail stock for our stores plus global fulfilment of a further 150,000 e-commerce orders. This operation is complemented by additional support for our Asian markets from outsourced distribution hubs in Singapore and Shanghai. We continue to invest in our logistic capabilities to meet the future growth of our business.

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

### **OUR CUSTOMER EXPERIENCE**

In FY16 we had at least 570 million visits to our stores and websites. We strive to provide a seamless, consistent experience wherever, whenever and by whatever channel or device customers choose to engage with us.

We're constantly in touch with our customers to ensure they like what we are doing, and we regularly ask them to rate their experience of shopping with us. Our innovative New Look Listens programme generates invaluable

feedback which we're able to channel directly back to our stores. Positive feedback lets us congratulate and reward teams or individual team members. However, if a customer hasn't had the great experience we aim to deliver, we have a unique opportunity to address the issue directly, thereby retaining our customer's loyalty.

### **CAREER OPPORTUNITIES AT NEW LOOK**

We're proud of the thousands of talented, passionate, fashion-focussed people who bring the New Look brand to life in our stores and support centres throughout the UK and around the world, and we're committed to recognising success and rewarding their talent and effort. This means we invest heavily in skillset development and other training initiatives geared to helping them build great careers with us. Wherever possible, we give internal candidates every opportunity to move within the business.

As well as working with charitable organisations such as The Prince's Trust and The Challenge Network to help disadvantaged young people access career opportunities, we employ apprentices, provide internships, and recruit for our graduate programmes. We also provide ongoing development programmes for our future leaders through the New Look Academy and our Stores of Learning framework.

# YEAR IN REVIEW

FY16 was another year of strong growth at New Look. We're pleased to have made significant progress towards our objectives across each of the strategic pillars of our business: Brand, Multichannel, Product, Menswear and International

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# OUR BRAND

## Being a true brand is key to our future strategy

New Look is one of Britain's best known and most popular fashion brands, widely admired for its fashion know-how, newness and value. In the UK, 92% of female shoppers and 48% of male shoppers recognise the New Look brand\*, and 41% of all UK women have shopped with us at least once during the past year\*\*. We've worked hard on raising awareness in international markets too.

We make sure we adopt a consistent and inclusive tone of voice in our brand communications, especially in our advertising imagery and messaging, and in the content of our online and social media platforms.

During FY16, our drive to provide a consistent customer experience continued with further investment in store refurbishment. We now have 442 stores trading in our successful 'concept' format. As well as providing an attractive shopping environment, these bright, contemporary stores continue to drive a positive uplift in performance. We are differentiating our Mens brand in both standalone stores and Menswear areas in the rest of the estate by delivering a darker, masculine and premium look.

We continued to engage directly with customers in the UK and the Republic of Ireland through our New Look Listens feedback initiative, achieving over 201,000 responses (a 42.6% increase) during the year. We're proud to have seen overall customer satisfaction improve to 80% (FY15: 71%). Customers have also reacted well to our first New Look Men standalone stores, with satisfaction scores averaging 89%.

Our PR teams continued to deliver exceptional coverage throughout FY16. In the UK, our brand generated coverage totalling over £87 million, making New Look the UK's number 2 fashion brand for PR.\*\*\*



\* Measures by Kantar Worldpanel, 52 weeks to 13 March 2016, by value  
 \*\* Measures by UK Female Brand Tracker March 2016  
 \*\*\* Measure by My Market Monitor for year April 2015 – March 2016

# MULTI-CHANNEL

**We need to ensure a seamless, consistent experience for our customers across all channels**

This year we saw continued strong growth in our online business, with total sales increasing to £201.2 million (FY15: £157.3 million). Yet again, we enjoyed a number of record-breaking days, especially during the peak Christmas trading period. Thanks to our continuing investment in infrastructure, systems software and distribution capacity, our fulfilment operation robustly handled these capacity challenges.

As well as investing in further improvements to the design, content and functionality of our transactional website at newlook.com, we've successfully launched new mobile apps for iOS and Android. These enhanced platforms address our customers' increasing use of mobile devices not only for browsing but for ordering too. In fact, we're now seeing more E-commerce traffic from mobile devices than from desktops.

We further enhanced our range of delivery services, rolling out evening, Sunday and nominated day home options and offering pick-up at branches of the Collect+ network of convenience stores and Doddle points at train stations. Our Click & Collect service has become the selected choice in 31% of UK E-commerce orders and we enhanced this by adding a next-day option. Many of our larger 'concept' format stores now have dedicated Click & Collect points to make the pick-up process quicker and easier. To promote and facilitate our attractive Order in Store option, we increased the number of stores where staff are equipped with iPads. During FY16 Order in Store accounted for 8% of E-commerce orders.

Our 3rd Party E-commerce partnerships formed with international website operators such as ASOS and Zalando achieved growth of +41.8%, with total sales reaching £48.2 million (FY15: £34.0 million).



# PRODUCT

**We seek to deliver fashion know how,  
newness and value every time**

Throughout FY16, we maintained our drive to 'right-time' our response to the year's most exciting trends and fully support best-selling looks across all ranges. This helped us maintain our position as the UK's second biggest womenswear retailer, and the largest womenswear retailer (by volume and value) of the market for UK women aged under 35\*.

We further extended our women's denim market share, making us the UK's No.1 retailer for women's jeans\*. Our rapid response to customer demand for white jeans enabled us to sell more than 500,000 pairs.

Women's accessories achieved their best-ever sales performance. In place of queue barriers, we installed custom-designed fixtures for our cosmetics and fragrance ranges at over 400 stores.

We increased our share of the UK women's footwear market further during FY16 to 6.4% (FY15: 6.1%), maintaining our position as the UK's second biggest women's footwear brand overall and No.1 for women under 35\*, and becoming women's No.1 UK retailer in the key categories of sandals and ankle boots\*. The latter category enjoyed its most profitable performance since 2010.

We also saw the best ever performance from our teenwear range.



\*Measures by Kantar Worldpanel, 52 weeks to 13 March 2016, by value



# MENSWEAR

## We significantly grew our Menswear presence with a confident and credible offer

Although men's clothing constitutes 25% of the total UK apparel market\*, it accounts for only 3% of our business, so we made this category an area of strategic focus, and recruited a talented and experienced team to develop a credible product range.

From the outset, we were encouraged by strong reaction to our improving menswear range, particularly from customers of our 3rd Party E-commerce partners. We therefore accelerated plans to open standalone menswear stores and create distinctly masculine new environments for menswear within our existing stores to capitalise on this opportunity.

During FY16, we successfully launched our first six New Look Men stores in the UK. Reaction was extremely positive, with customer approval ratings averaging 89% and great press coverage. In fact, each of these stylish premium-feel stores has substantially exceeded our expectations.

Menswear is also available alongside our women's offering in around 200 of our stores where distinctive new environments, stronger visual merchandising, and the introduction of menswear specialists to the in-store teams helped drive sales.

New Look now has 0.4% of the entire UK menswear market\*\*, and we're confident about achieving further growth. Product development continues, with the roll-out of our new men's underwear range and expansion of activewear and other categories planned for the coming year. We're aiming to become the best fashion retailer for men in every market, with the same assured focus on fashion know-how, newness and value as our womenswear.

### MENSWEAR STANDALONE STORES



\* © Verdict 2016  
\*\* Measures by Kantar Worldpanel, 52 weeks to 13 March 2016, by value



# INTERNATIONAL

## We are focussed on international expansion in our key priority markets to drive growth

During FY16, our total number of international stores grew to 171. This was primarily due to our ongoing expansion in China, where we finished the year with 85 stores (FY15: 19). We're pleased by Chinese consumers' enthusiasm for our brand, and the speed at which our new Chinese store portfolio is building and achieving a positive performance. Stores which have been open for more than 12 months have been achieving strong LFL sales growth.

In France, our business benefitted from further investment in refurbishment as we converted more stores to our successful 'concept' format and opened 2 new stores. In Poland, we launched 4 new stores during FY16. We plan to launch our first owned stores in Germany in the coming year to complement our local language website.

Our Franchise business continued to perform well, with our key Middle East partner engaged and focussed on delivering a strong brand presence in this market.





# PEOPLE

**Acknowledging that our people play a critical role in achieving New Look's growth potential, we strive to attract, develop and retain exceptional talent. This underpins every one of our strategic pillars**

In our stores, distribution centres and various support centres throughout the UK and around the world, our workforce now numbers 18,530 employees – 58% of whom have been with us for more than 12 months. Open and honest dialogue is a fundamental feature of the New Look culture, ensuring everyone at every level of the business feels listened to and valued, for example, through our 'Your Voice' framework, our employees are encouraged to raise issues and ideas throughout the year. Over 96% of our people shared their views in our annual engagement survey, and we're pleased to have seen further increases in staff motivation, with 95% of our people agreeing that they live the New Look brand values every day.

We're proud of our track record in helping people build great careers with us. During FY16, we focussed on rewarding loyalty and experience by a special drive to promote from within. This resulted in 55% of all new appointments and 77% of senior management vacancies being successfully filled by internal candidates.

During the year, we provided over 490,000 hours of learning and development. Every New Look sales advisor has been trained on our customer service model, and 80% of the people who completed our new Christmas Temporary Worker Programme, subsequently secured a permanent role in one of our teams. We also maintained our commitment to workplace apprenticeships. In FY16, 228 apprentices (FY15: 110) graduated with National Vocational Qualifications (NVQs) from the New Look Academy.

We're particularly proud of our efforts to help young people into work. We continued our support for The Challenge Network's Headstart programme, offering training days and guaranteed interviews at New Look for young people who'd completed 16 hours of voluntary service. We once again partnered The Prince's Trust in such programmes as Get into Retail and Get into Logistics – each geared to helping young people from disadvantaged backgrounds develop the skillsets, knowledge and confidence necessary to secure employment. Around half of the people on these programmes were offered permanent positions at New Look.







# FINANCIAL REVIEW



# FINANCE OVERVIEW

Successful acquisition of New Look Group by Brait and a full refinancing in June 2015

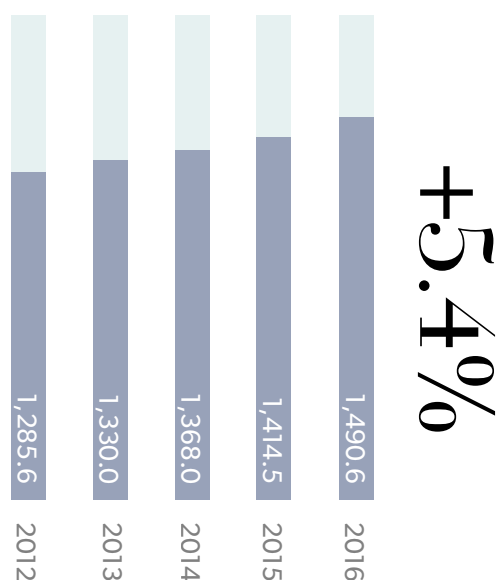
Growth in our key segments of UK Retail and E-commerce drove significant performance improvements throughout FY16, resulting in Adjusted EBITDA increasing by £14.8 million to £227.2 million for continuing operations

We continued to invest in our strategic initiatives and supporting infrastructure

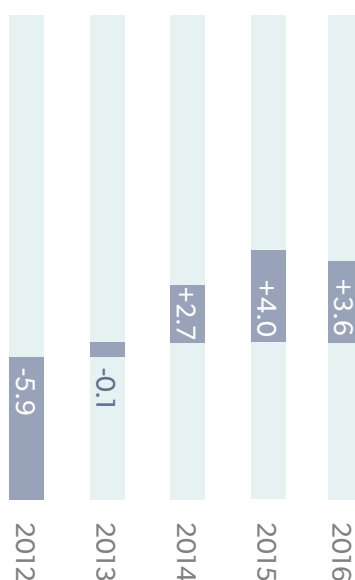
All metrics in the Financial Review represent the Group's Key Performance Indicators. Note that following the disposal of Mim in November 2014, all metrics have been restated to reflect the continuing operations of the Group (i.e. excluding Mim)

**TOTAL REVENUE (£M)**

£1,490.6m

**LFL SALES (%)**

3.6%

**REVENUE**

Total revenue increased by £76.1 million to £1,490.6 million (2015: £1,414.5 million).

UK growth was driven by our strong product ranges, on-going improvements in product handwriting and brand identity and the continued roll-out of our store refurbishment programme. Further growth in our E-commerce business during FY16 of +27.9% reflected continued enhancement in the functionality and content of our transactional website at newlook.com together with the development of additional delivery service options. During FY16, we also increased our business with strategic 3rd Party E-commerce partners by +41.8% to £48.2 million (2015: £34.0 million).

We continued investment in our International business to expand our global reach – most particularly in China (where we now have 85 stores as at 26 March 2016), and in Poland, where we opened an additional four stores.

Although we experienced improved trading in our key European markets (especially France), this was offset by a weakening Euro, resulting in International sales increasing by +3.7%. In constant currency, International sales increased by +9.9% (2015: +5.2%).

**LFL SALES**

Strong LFL sales growth for continuing operations of 3.6% (2015: +4.0%) was driven by continuing focus on our stated strategic goals and our success in providing a consistent and seamless customer experience across all channels and territories. UK LFL sales (stores and E-commerce) which account for 83.8% of total sales were +3.9% (2015: +5.0%), due to our compelling product ranges and the positive customer conversion rates achieved through our store refurbishment programme, as well as further growth in E-commerce.

The Christmas trading period proved hugely successful and our processing systems, supply chain and customer service propositions all proved robust throughout this exceptionally busy period.

The benefits of our continuing store refurbishment programme and strategic relocations of underperforming stores (particularly in France) during FY15 and the start of FY16 helped improve our European LFL sales to +0.5% (2015: -3.9%), driven by France and a continued strong performance in Republic of Ireland.

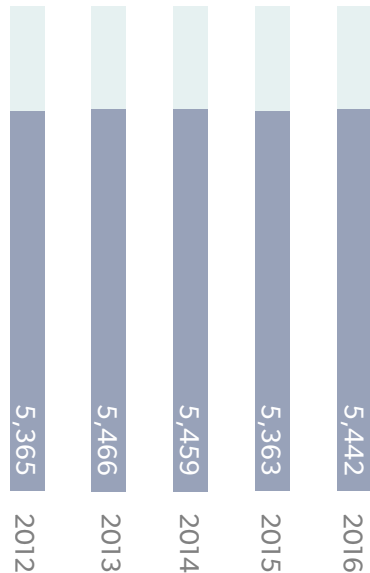
Our stores in China which have been trading for 12 months or more finished FY16 strongly with LFL sales +8.8% (2015: -11.1%).

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

Excluding the French and Germany translated websites and the rest of world purchases in Euros, UK LFL sales were +3.4% (FY15: +4.7%) and Europe LFL sales were +4.6% (FY15: -1.7%).

**SPACE '000 SQ FT**

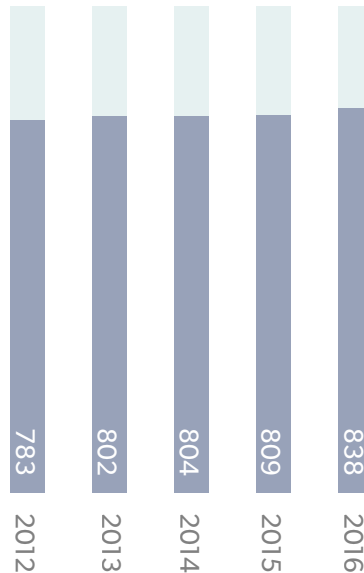
5,442sq ft



+1.5%

**STORES**

838



+3.6%

**STORES AND SPACE**

Throughout FY16, we continued to identify opportunities to launch new stores and relocate existing ones to more desirable locations. Across the Group, our total number of stores increased to 838 (2015: 809), with total space advancing by 1.5% to 5,442,000 sq ft (2015: 5,363,000 sq ft).

In the UK, 8 new store openings, 2 closures and 7 relocations increased our UK store portfolio to 575 (2015: 569). During FY16 we launched our first standalone Menswear stores in the UK and all of these stores are performing well.

Over half of our entire store portfolio has now been converted to our highly successful 'concept' format. Refitted stores outperform stores awaiting refurbishment.

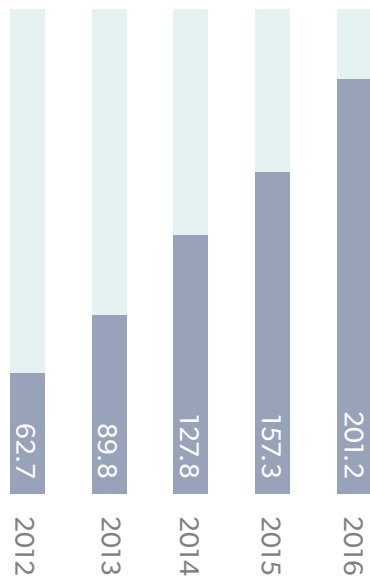
At the end of FY16, 318 of our existing stores across all territories have been refurbished in the 'concept' format (2015: 291) and during the year we opened 124 new stores (2015: 37) in this format. This includes 66 new stores in China (2015: 19), all fitted in our 'concept' format. In our continuing drive for total brand consistency, we aim to complete our conversion of all remaining stores within the next three years.

Our international estate grew significantly during FY16, with New Look owned store space increasing to 855,000 sq ft (2015: 772,000 sq ft), predominantly driven by increased space in China. The total number of New Look franchise stores is 92 (2015: 105).



**E-COMMERCE SALES\* (£M)**

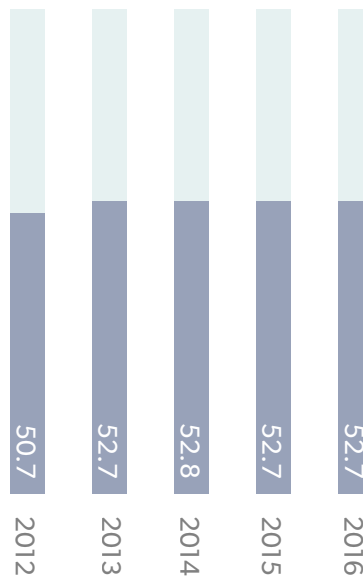
£201.2m



+27.9%

**GROSS MARGIN %**

52.7%



\* Chart reflects own website only

**E-COMMERCE SALES**

In FY16, E-commerce sales increased by £43.9 million (+27.9%) to £201.2 million (2015: £157.3 million). As a share of total sales, E-commerce sales advanced by 2.4% to 13.3% (2015: 10.9%) on a continuing operations basis.

We continued to invest in improvements to the design, content and functionality of our transactional website at newlook.com and our mobile app. This helped sustain strong conversion rates, as well as drive an increase in average order values and further growth in our online traffic. In FY16, our website enjoyed 16.4% more visits than the previous year. We've also been upgrading our international platforms, enabling us to offer additional local language sites next year.

During FY16, 31% (2015: 30%) of our UK E-commerce orders opted for our Click & Collect service. Our Order in Store facility was used for 8% (2015: 9%) of E-commerce orders.

Additionally, 3rd Party E-commerce sales grew by £14.2 million (+41.8%) to £48.2 million (2015: £34.0 million). These strategic partnerships continue to give us a route into new territories, testing the appeal of the New Look brand in these markets and further extending our global reach.

**GROSS MARGIN**

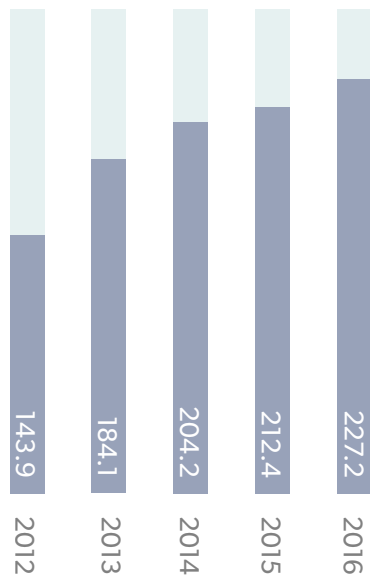
We sustained a stable gross profit margin of 52.7% (2015: 52.7%). Our success in maintaining levels of full price sales and in actively managing promotional activity through the year was offset by the increasing mix of E-commerce sales which have an inherently lower gross margin.

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

During FY16, we added a sixth initiative to our strategic focus: gross margin rate growth. Going forward, we're aiming to achieve a significant and sustainable improvement in gross margin.

**ADJUSTED EBITDA (£M)**

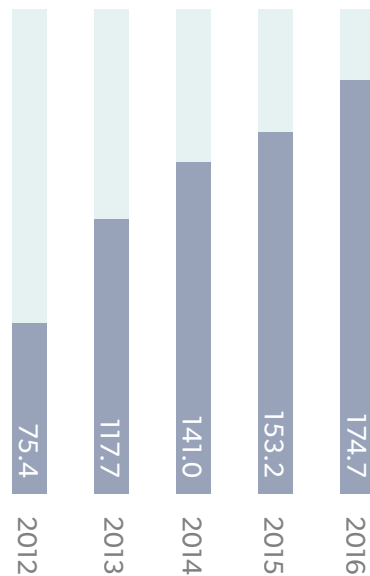
£227.2m



+7.0%

**UNDERLYING OPERATING PROFIT (£M)**

£174.7m



+14.0%

**ADJUSTED EBITDA**

Adjusted EBITDA increased by £14.8 million (+7.0%) to £227.2 million (2015: £212.4 million). This was driven by our improved sales performance and continuing cost control.

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

**COSTS**

While we continue to monitor costs closely, our underlying cost base has increased in line with the planned growth of the business, most particularly in China. In FY16, it was also affected by one-off costs in relation to the acquisition of the Group by Brait. As a result, administrative costs increased 9.0% to £650.5 million (2015: £596.9 million) of which £27.3 million relates to the Brait acquisition and refinancing, included within exceptional items. Movements in share based payments and fair value on financial instruments are discussed further below.

**UNDERLYING OPERATING PROFIT**

Underlying operating profit increased by £21.5 million to £174.7 million (2015: £153.2 million) reflecting the improved performance of our UK Retail and E-commerce segments.

Underlying operating profit is a non-IFRS measure, and is calculated as operating profit before exceptional items, share based payment expense/credit, the movements in the fair value of financial instruments under IFRS, impairment charge or write back of tangible and intangible assets and the income statement charge/credit in relation to the onerous lease provision. See page 62 for a reconciliation back to Operating Profit.

**PRE-TAX LOSS**

Operational exceptional items include costs of £27.3 million incurred in completing the acquisition of the group by Brait and costs of £0.3 million in relation to the refinancing (see note 10 for details).

The share based payment charge increased by £13.2 million to a £10.0 million charge (2015: £3.2 million credit). The FY16 figure includes the final charges in relation to the cessation of all historic share schemes closed out as part of the acquisition by Brait, plus the charge for a new senior management incentive scheme put in place after the acquisition to retain individuals key to the growth and future success of the company.

The credit relating to the movements in the fair value of financial instruments in the income statement decreased by £1.8 million to a £0.3 million credit (2015: £2.1 million credit) as a result of movements in foreign exchange rates.

Net finance costs increased by £71.7 million to £169.9 million (2015: £98.2 million) due to the cost of refinancing in June 2015. Costs of £70.0 million relating to the extinguishment of the existing senior secured bonds and prepayment of the PIK debt have been expensed in full. This was made up of debt repayment premiums of £49.5 million, cross currency swap settlement premiums of £7.9 million, release of unamortised capitalised debt costs of £11.6 million and £1.0 million of revaluation losses on the Euro notes. In addition, exceptional finance income of £2.9 million was recognised. This related to £2.4 million of fair value gains on the US dollar cross currency swap recycled from reserves and £0.5 million on revaluation of the Euro notes whilst in escrow.

As a result of the refinancing during FY16, we've reduced our average interest costs from 9.4% to 6.3% and extended the average debt maturity by 4 years. All of our debt is now on a cash pay basis.

The foreign exchange revaluation gain on the US dollar bond (2015: loss) was mitigated by recycling the equivalent loss (2015: gain) from reserves resulting from the fair value movement of the US dollar cross currency derivatives, which were accounted for as a cash flow hedge. The US dollar bond was settled in full as a result of the refinancing in June 2015 which followed the completion of the acquisition by Brait (see note 27 for details). The nature of our derivative instruments changed as a result of this refinancing and under the new finance structure, the revaluation loss on the Euro Notes has been partially mitigated by recycling from reserves the gain resulting from the fair value movement of the Euro cross currency derivatives, accounted for as cash flow hedges.

The result for Group continuing operations for FY16 was a pre-tax loss of £34.9 million (2015: £50.6 million pre-tax profit). Excluding the one-off net costs relating to the acquisition by Brait and the refinancing of £94.0 million, pre-tax profit was £59.1 million (2015: £50.6 million).

**TAXATION**

The income statement taxation credit for continuing operations was £0.5 million from a £1.6 million charge in 2015.

Despite the reduction in pre-tax profit, we incurred a £7.8 million tax charge (2015: £5.9 million credit) relating to prior year adjustments to current tax mainly driven by a reversal of a loan impairment provision in relation to the ESOT following the acquisition by Brait which was previously held as a deferred tax liability.

However, this current tax charge was offset by a prior year adjustment to deferred tax of £5.4 million (2015: £3.2 million) largely driven by the corresponding reversal of the loan impairment provision on the ESOT outlined above. This was combined with a deferred tax credit of £3.3 million (2015: £nil) for the re-measurement of deferred tax due to a change in the UK corporation tax rate to 18% for future years, which resulted in a reduction of the net deferred tax liability.

**DISCONTINUED OPERATIONS**

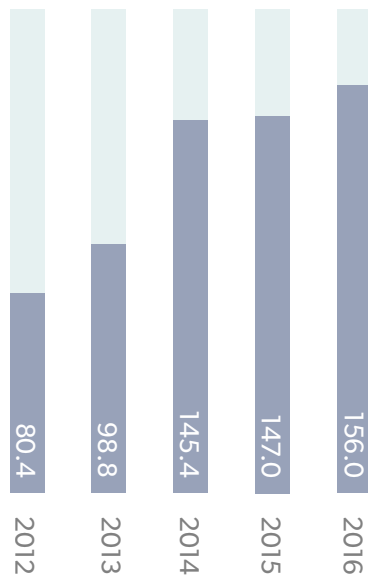
As previously disclosed in our Annual Report for FY15, the sale of Mim was completed in November 2014 to Main Asia (HK) Limited, an independent company advised by Asia Global. FY15 results for Mim have therefore been disclosed as discontinued operations.

Mim's result for the 34 week period prior to disposal was a profit after tax of £3.9 million, which included a gain on disposal of the Mim subsidiaries of £7.4 million.



**FREE CASH FLOW (£M)**

£156.0m



+6.1%

**FREE CASH FLOW**

Free cash flow increased by £9.0 million to £156.0 million (2015: £147.0 million). This reflected our increase in underlying operating profit and cash generation through tighter working capital management. We increased our capital spend in the year and the prior year includes the net proceeds of £14.2 million received from the sale of Mim.

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

**NET DEBT**

As at 26 March 2016, net debt increased by £35.2 million to £1,073.1 million (2015: £1,037.9 million).

On 25 June 2015, the Group issued a mix of senior secured and senior notes, using the proceeds to settle the existing bonds and repay and discharge the PIK debt in full. Directly attributable transaction costs of £22.4 million were capitalised against the gross note proceeds.

**CURRENT TRADING**

We continue to invest and drive improved performance across our stated areas of strategic focus and also in our distribution and IT infrastructure to support and sustain our growth.

The market continues to be highly competitive and unpredictable so we remain cautious now and for the year ahead. We are, however, confident in the strength and appeal of the New Look brand and our continuing ability to execute our growth strategies with consistency and success.



# RISKS AND UNCERTAINTIES

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

## RISK MANAGEMENT

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

## RESPONSIBILITY

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

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

## PRINCIPAL RISKS & UNCERTAINTIES

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







Risk Type	Description of Risk	Risk Mitigation
<b>Trend spotting and product development</b>	<ul style="list-style-type: none"> <li>• Inability to respond swiftly to changing customer preferences and key trends.</li> <li>• Failure to establish a credible Menswear brand and proposition.</li> <li>• Failure to maintain our reputation for compelling fashion at attractive prices.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective adoption of target customer profiling to better inform buying decisions.</li> <li>• Stronger integration of buyers and designers working closely with suppliers.</li> <li>• Robust and transparent process for trialling and evaluating emerging trends and reviewing feedback mechanisms.</li> <li>• Development of open costing approach to ensure our value offering is maintained.</li> <li>• Development of Menswear team with proven experience and track record of building a recognisable Menswear brand and proposition.</li> </ul>
<b>Multichannel experience</b>	<ul style="list-style-type: none"> <li>• Failure to meet customer expectations across all channels undermining our multichannel proposition.</li> <li>• Lack of cohesion between channels confusing or compromising the customer experience.</li> <li>• Compromise of brand identity or loss of pricing control arising from 3rd Party E-commerce platforms.</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed review of all channels and a 'one voice' policy to ensure customer expectations are consistently met.</li> <li>• In-house fulfilment operation maximising control, flexibility, efficiency and cost-containment.</li> <li>• Effective use of data analytics and other research tools, plus close monitoring of customer feedback on social media platforms and other channels.</li> <li>• Stringent agreements in place with all 3rd Party E-commerce partners.</li> </ul>
<b>Growth challenges</b>	<ul style="list-style-type: none"> <li>• Failure to consistently execute across all parts of the 5 year plan.</li> <li>• Distractions of high profile projects from day-to-day business needs.</li> <li>• Lack of leadership at all levels to deliver our key business strategies.</li> <li>• Lack of availability of key resources.</li> <li>• Inability of existing infrastructure to cope with growth.</li> </ul>	<ul style="list-style-type: none"> <li>• Aligning resources to ensure project management delivers on objectives.</li> <li>• Monthly measurement of performance against key attributes of the business strategy.</li> <li>• Regular reviews of management structure to ensure capability and succession and to identify talent.</li> <li>• Regular, effective performance reviews, leadership assessments, and training and development in place.</li> <li>• Continuing investment in technology and infrastructure.</li> </ul>
<b>Information security</b>	<ul style="list-style-type: none"> <li>• Data protection failure leading to potential prosecution and reputational damage to our brand.</li> <li>• Cyber risk of unauthorised or malicious attack.</li> <li>• Systems failure compromising security or fulfilment of online transactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in new and existing IT systems is a key part of our business strategy.</li> <li>• Back-up procedures in place to deal with any short-term or specific loss of data; business continuity plan in place and tested to deal with any serious incident or loss of systems capability.</li> <li>• Provision of secure externally hosted data storage facilities.</li> <li>• On-going PCI compliance for transactional website.</li> <li>• Penetration testing and firewalls.</li> </ul>
<b>Talent management</b>	<ul style="list-style-type: none"> <li>• Shortage of top talent to deliver growth plans.</li> <li>• Lack of effective retention/succession planning to prevent loss of current key talent.</li> <li>• Failure to recruit, develop and deploy the best talent in key roles/projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular reviews of management structure to ensure capability and succession and to identify talent.</li> <li>• Regular, effective performance reviews, leadership assessments, and training and development in place.</li> <li>• The Remuneration Committee ensures appropriate incentive plans are in place.</li> </ul>

Risk Type	Description of Risk	Risk Mitigation
<b>Project management and change capability</b>	<ul style="list-style-type: none"> <li>• Failure to embed key business change.</li> <li>• Failure to deliver desired outcomes of projects meaning processes become more inefficient.</li> </ul>	<ul style="list-style-type: none"> <li>• Aligning resources to ensure project management delivers on objectives.</li> <li>• Working with experienced external parties to provide additional management expertise on change management and delivery.</li> </ul>
<b>Culture and structures</b>	<ul style="list-style-type: none"> <li>• Cultural, language and time differences creating communication difficulties across our international workforce.</li> <li>• UK-centric mindset.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased International experience on main Board and among senior management.</li> <li>• Recruitment of local workforce, plus effective and consistent training and support for all new employees.</li> <li>• Consistent effort to instill international focus in all aspects of planning and strategy.</li> </ul>
<b>Supply chain slippage/ disruption</b>	<ul style="list-style-type: none"> <li>• Lack or loss of speed and flexibility in the supply chain, leading to greater risk in buying decisions and potential loss of margin through higher markdowns.</li> <li>• Disruption to supply chain arising from strikes, civil unrest, political turmoil or natural disasters.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong and robustly supported sourcing team responsible for maintaining an efficient and effective supply chain.</li> <li>• Suppliers treated as key business partners, working to shared objectives such as reduced lead times, enhanced quality control and better employment practices.</li> <li>• Regular review of supply chain and routes to maximise flexibility and sustain fulfilment of product demand across all channels.</li> </ul>
<b>Disaster recovery</b>	<ul style="list-style-type: none"> <li>• Failure to recover from sustained outage of critical systems due to lack of disaster recovery plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Business continuity plans developed and tested for key locations and operations throughout the Group.</li> </ul>
<b>Uncontrolled costs</b>	<ul style="list-style-type: none"> <li>• Escalation of supply chain costs arising from factors such as wage inflation or increases in raw material prices.</li> <li>• Increased fuel and energy costs, impacting on distribution or store and head office operational costs.</li> <li>• Legislative changes such as minimum/ living wage and business rates increasing operational costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Wage increases offset by improvements in productivity.</li> <li>• Geographical diversity of supply chain portfolio.</li> <li>• Review of order pricing to determine scope for changing price architecture.</li> <li>• Cost efficiency process in place, together with drive to control and contain energy usage throughout the Group.</li> </ul>
<b>Ethical standards</b>	<ul style="list-style-type: none"> <li>• Ethical or quality standards failure within the supply chain, leading to reputational damage to our brand.</li> </ul>	<ul style="list-style-type: none"> <li>• Structured audit processes at factories throughout our supply chain, conducted by internal and external teams, and support for suppliers working towards full compliance with our ethical aims.</li> <li>• Pro-active membership of the Ethical Trading Initiative.</li> </ul>

# CORPORATE SOCIAL RESPONSIBILITY

**At New Look, we believe Corporate Social Responsibility (CSR) is all about improving the lives of workers right across our global supply chain**

We're also committed to operating in a way that safeguards animal welfare and protects the environment.

We place a determination to trade ethically at the heart of who we are and what we do. We believe our business can and should have a positive impact upon the lives and livelihoods of the people who manufacture our beautiful products, ensuring safe working environments and fair treatment.

**Our key objectives are to:**

- continually improve workers' lives and livelihoods;
- empower people in factories to raise and resolve issues;
- build factory management skills and systems;
- build trust, transparency and shared responsibility along the supply chain;
- make sure the New Look team and our suppliers share responsibility for delivery of our ethical trade strategy.

## **DRIVING IMPROVEMENTS**

We believe collaboration is key to meaningful and lasting change. During the year, we partnered Non-Government Organisations (NGOs), trade unions, suppliers and other stakeholders to deliver projects in China, Bangladesh, Cambodia, Vietnam, India, Turkey and the UK.

In Bangladesh, where we were early adopters of the Accord on Fire and Building Safety, we saw real progress on the work to raise standards. We continue to train female workers in China and Vietnam through our work with HER project, geared to improving health awareness and access to medical services. We continued helping factories in China to introduce better systems for tracking working hours and wages, and we worked with UK factories to change wage payment from cash to bank transfer, thereby addressing issues of transparency, verification and security.







## EMPOWERING WORKERS

We want workers to be confident in their ability to represent themselves and bring about positive change in their workplace.

During FY16, we extended projects aimed at giving workers the opportunity to raise concerns safely. In the UK, this included the establishment of 'Speak Up' – a free and independent telephone line operating in 9 languages. In China, we're now rolling out a worker hotline to 300 factories plus a programme of worker engagement training. In Bangladesh, the Accord telephone line and our own grievance tracker allow workers to register concerns.

We've engaged with the Ethical Trading Initiative's social dialogue programmes in China and Bangladesh, while in the UK, Bangladesh and India, we've instigated worker committee projects and worker rights training.

## IMPROVING FACTORY MANAGEMENT SYSTEMS

We want all factories manufacturing for New Look to have effective systems for monitoring and managing issues such as wages and working hours as well as addressing health and safety concerns.

To help build legal, ethical, safe and sustainable garment production within the UK supply base, we created Fast Forward in partnership with Alliance HR. This project which has subsequently been adopted by many other brands aims to:

- Measurably improve labour standards compliance and ensure verifiable wages are paid throughout the industry;
- Promote fair treatment of workers and provide them with access to remedy;
- Improve honesty, openness and trust between New Look and our UK supply base;

- Engender ownership and aspiration of our UK supply base to operate safe, ethical and efficient production units;
- Enforce employment and legal rights;
- Facilitate a more level playing field for competition amongst suppliers;
- Identify any existence of modern slavery.

To make sure factory managers and supervisors have the ability, knowledge and tools to resolve worker issues, we're committed to supporting them with training programmes. In India, we've continued to run supervisor and buddy training, and we're also progressing on key training projects in Bangladesh and India with the RAGS Benefits for Business and Workers initiative – seeing real progress on issues such as attendance and worker bonuses.

## BUILDING SHARED RESPONSIBILITY

We aim to build trust and openness right across our supply chain by sustaining strong relationships with our suppliers, setting agreed paths to reach best practices. Within our own business, our extended CSR Champions Network involves team members in promoting the principles of ethical trading.

During FY16, New Look joined other international brands and retailers, manufacturers and trade unions in ACT (Action Collaboration Transformation). This initiative aims to improve wages and manufacturing standards in key sourcing countries by establishing collective bargaining and responsible purchasing practices.

## ADDRESSING MODERN SLAVERY

New Look maintains a zero tolerance policy towards modern slavery in our own business or anywhere in our supply chain. We welcome the Modern Slavery Act 2015 and its reporting obligations as a driver for transparency and consistency of approach.



## NEW LOOK AND ANIMAL WELFARE

We're committed to making sure animals are never harmed in the process of manufacturing our products. During FY16, we updated our due diligence process to verify any animal-derived materials we use are by-products of the food industry and sourced from suppliers who meet our strict animal welfare requirements.

## OUR ENVIRONMENTAL FOOTPRINT

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

Smart metering helps us monitor and track energy consumption in our stores and identify potential savings, and we actively participate in regulatory schemes including the Energy Savings Opportunity Scheme (ESOS) and the Carbon Reduction Commitment (CRC). Our carbon emissions in FY15, the last year for which final data is available, were 66,591 tonnes, a decrease of 3,500 tonnes on the prior year. Having successfully piloted the introduction of LED lighting this year, we'll be rolling out this energy efficient alternative during FY17.

As part of our effort to increase the use of sustainable fibres in our product ranges, we joined the Better Cotton Initiative as a learning member and are committed to incorporating its aims in future sourcing decisions. Throughout the year, we maintained our support for the Sustainable Clothing Action Plan (SCAP) 2020 commitment to reduce carbon and water usage and reduce waste.

## EQUAL OPPORTUNITIES

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

## COMMUNITY GIVING

The New Look Foundation remains our key channel for charity activities and fund-raising efforts. In FY16, following an employee vote, we launched three-year partnerships with Macmillan Cancer Support and the Teenage Cancer Trust. As well as contributing through Payroll Giving, payday lottery and direct donations, our team members and customers are encouraged to volunteer for these charities' projects and initiatives. In FY16, we also started working with two grassroots organisations in India: We the People and Pardada Pardadi Education Society – each helping lift women and children out of poverty through education and training.

During the year, a 600-store bake off, a team travel challenge, a New Look gift card tie-in and other team efforts have helped us raise over £336,000 for our charity partners.

The Strategic Report presented on pages 18 to 49 is authorised by the Board.

On behalf of the Board,

Anders Kristiansen  
Chief Executive Officer  
27 May 2016





# THE DIRECTORS' REPORT

P/51



# DIRECTORS' REPORT

The Directors present their report and the audited, consolidated financial statements for the 52 weeks ended 26 March 2016

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## DIRECTORS

The Directors whose details are set out on pages 56 and 57 are the current Directors of the Company.

During the financial year, the following persons were also Directors of the Company:

Paul Mason, who was appointed Non-Executive Chairman of the Board of New Look Retail Group Limited ("NLRGL") on 16 September 2014 resigned on 25 June 2015, following the sale of the business.

Stefano Giambelli of Apax, Mike Garland of Permira, Martin Halusa of Apax, Erik Nyborg of Permira and Torsten de Santos of Rianta Capital Limited resigned on 25 June 2015 from their positions as Non-Executive Directors of the Board of NLRGL following the sale of the business.

Roger Wightman Chief Creative Officer was appointed as an Executive Director of the Board of NLRGL on the 25 June 2015.

Anna Singh was appointed Non-Executive Director of the Board of NLRGL on 1 December 2015.

Danny Barrasso Managing Director UK & Republic of Ireland was appointed as an Executive Director of the Board of NLRGL on 1 December 2015.

Mike Iddon who was appointed Chief Financial Officer of the Board of NLRGL on 22 September 2014, resigned from the Board on 1 March 2016.

Laura Battley was appointed Company Secretary of the Group on 3 November 2015.

Keith Gosling resigned as Company Secretary of the Group on 3 November 2015.

## GOING CONCERN

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

## LAND AND BUILDINGS

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

## PRINCIPAL ACTIVITIES

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

## FUTURE DEVELOPMENTS AND BUSINESS ANALYSIS

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

## EMPLOYEE POLICIES

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

## DIVIDENDS

The Group paid dividends of £9.1 million (2015: £nil) in the financial period (see note 12). The Directors do not recommend the payment of a final dividend (2015: £nil).

## FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND OBJECTIVES

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

## PAYMENT OF SUPPLIERS

The Group's\* creditor days as at 26 March 2016 were 59 days (2015: 57 days). Payment is made in accordance with contractual or other legal obligations. The parent company has no trade creditors.

## POLITICAL DONATIONS

The Group made no political donations in the period (2015: £nil).

## INDEMNITY INSURANCE

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

## DIRECTORS' STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO AUDITORS

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

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

## INDEPENDENT AUDITORS

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

On behalf of the Board,



Anders Kristiansen  
Chief Executive Officer  
27 May 2016

\* Group measure including discontinued operations for FY15



# DIRECTORS' RESPONSIBILITIES STATEMENT

**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 EU, and the parent company financial statements in accordance with Financial Reporting Standards (FRS 101).

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

By order of the Board,



Laura Battley  
Company Secretary  
27 May 2016





# THE BOARD

**Our Board of Directors have a wealth of knowledge and industry experience**

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**John Gnodde**  
**Non-Executive Chairman**

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

**Anders Kristiansen**  
**Chief Executive Officer**

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

**Danny Barrasso**  
**Managing Director UK & Republic of Ireland**

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

**Roger Wightman**  
**Chief Creative Officer**

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

**Tom Singh**  
**Non-Executive Director**

Tom founded the New Look business in 1969 and retained overall responsibility for New Look's Buying and Merchandising until he became a Non-Executive Director and consultant in May 2001. Following the public to private re-organisation in April 2004, he was appointed Managing Director, Commercial until June 2006 when he again became a Non-Executive Director. In 2014, Tom stepped into the role of Interim Non-Executive Chairman, before reverting back to his current role as Non-Executive Director.

**Alastair Walker**  
**Non-Executive Director**

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

**Bruce Baisley**  
**Non-Executive Director**

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

**Dr. Christo Wiese**  
**Non-Executive Director**

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

**Jacob Wiese**  
**Non-Executive Director**

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

**Sean Dougherty**  
**Non-Executive Director**

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

**Anna Singh**  
**Non-Executive Director**

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



Alastair Walker



John Gnodde



Bruce Baisley



Anders Kristiansen



Dr. Christo Wiese



Danny Barrasso



Jacob Wiese



Roger Wightman



Sean Dougherty



Tom Singh



Anna Singh





# FINANCIAL STATEMENTS



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

## Report on the Group financial statements

### Our opinion

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

- give a true and fair view of the state of the group's affairs as at 26 March 2016 and of its loss and cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

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

- the Consolidated Balance Sheet as at 26 March 2016;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended; and
- the Group notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

### Other matters on which we are required to report by exception

#### Adequacy of information and explanations received

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

#### Directors' remuneration

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

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 54, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

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

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

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

### Other matter

We have reported separately on the Company financial statements of New Look Retail Group Limited for the 52 week period ended 26 March 2016.

*Rosemary Shapland*

Rosemary Shapland  
Senior Statutory Auditor  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors, Southampton  
27 May 2016

## CONSOLIDATED INCOME STATEMENT

		For the financial periods	
		52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	Notes	£m	£m
<b>Continuing operations</b>			
Revenue	5, 6	1,490.6	1,414.5
Cost of sales		(705.7)	(668.7)
<b>Gross profit</b>		<b>784.9</b>	<b>745.8</b>
Administrative expenses		(650.5)	(596.9)
<b>Operating profit</b>	7	<b>134.4</b>	<b>148.9</b>
Finance income	9	7.1	16.8
Finance expense	9	(177.0)	(115.0)
Share of post tax profit/(loss) from joint venture	15	0.6	(0.1)
<b>(Loss)/profit before taxation</b>		<b>(34.9)</b>	<b>50.6</b>
Taxation	11	0.5	(1.6)
<b>(Loss)/profit from continuing operations</b>		<b>(34.4)</b>	<b>49.0</b>
<b>Discontinued operations</b>			
Profit from discontinued operations	16	—	3.9
<b>(Loss)/profit attributable to the owners of New Look Retail Group Limited</b>	32	<b>(34.4)</b>	<b>52.9</b>

The notes on pages 67 to 109 are an integral part of these consolidated financial statements.

# NEW LOOK RETAIL GROUP LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the financial periods	
		52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
		£m	£m
<b>(Loss)/profit for the period</b>		<b>(34.4)</b>	<b>52.9</b>
<b>Other comprehensive income/(expense):</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain on post—employment benefit obligations	34	—	0.1
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Cash flow hedges	25, 32	(0.5)	38.0
Exchange differences on translation of foreign operations	32	4.0	(7.0)
Tax effects	11, 32	0.7	(8.2)
<b>Items that have been reclassified to profit or loss:</b>			
Disposal of discontinued operations	32	—	1.7
<b>Other comprehensive income for the period, net of tax</b>		<b>4.2</b>	<b>24.6</b>
<b>Total comprehensive (expense)/income for the period</b>		<b>(30.2)</b>	<b>77.5</b>

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

The notes on pages 67 to 109 are an integral part of these consolidated financial statements.

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

	Note	For the financial periods	
		52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
		£m	£m
<b>Continuing operations</b>			
Operating profit		134.4	148.9
Add back/(deduct):			
Exceptional items	10	28.4	6.8
Share based payment expense/(credit)	30	10.0	(3.2)
Fair value movement of financial instruments	25	(0.3)	(2.1)
Impairment (write back)/charge for tangible and intangible assets		(0.1)	7.0
Onerous lease charge/(credit)		2.3	(4.2)
<b>Underlying operating profit* from continuing operations</b>	5	<b>174.7</b>	<b>153.2</b>
<b>Discontinued operations</b>			
Operating loss		—	(2.7)
Add back/(deduct):			
Operating exceptional items		—	(0.6)
Impairment charge of tangible and intangible assets		—	0.1
Onerous lease credit		—	(0.6)
<b>Underlying operating loss from discontinued operations</b>		<b>—</b>	<b>(3.8)</b>
<b>Group underlying operating profit</b>		<b>174.7</b>	<b>149.4</b>

## NEW LOOK RETAIL GROUP LIMITED

### CONSOLIDATED BALANCE SHEET

		As at	
		26 March 2016	28 March 2015
	Note	£m	£m
<b>Non-current assets</b>			
Property, plant and equipment	13	144.4	136.9
Intangible assets	14	710.2	695.6
Other receivables	18	18.3	19.5
Derivative financial instruments	19	16.3	5.4
Deferred income tax assets	11	20.9	21.4
		910.1	878.8
<b>Current assets</b>			
Inventories	17	147.8	148.2
Trade and other receivables	18	83.2	80.0
Income tax assets		6.4	2.9
Derivative financial instruments	19	23.8	24.5
Cash and cash equivalents	20	134.5	127.1
		395.7	382.7
<b>Total assets</b>		<b>1,305.8</b>	<b>1,261.5</b>
<b>Current liabilities</b>			
Trade and other payables	21	(275.0)	(265.2)
Derivative financial instruments	23	(3.2)	(0.7)
Provisions	28	(1.3)	(2.1)
		(279.5)	(268.0)
<b>Non-current liabilities</b>			
Deferred income and other payables	21	(65.7)	(70.1)
Borrowings	22	(1,207.6)	(1,165.0)
Derivative financial instruments	23	—	(0.1)
Provisions	28	(6.5)	(4.8)
Deferred income tax liabilities	11	(57.0)	(66.7)
		(1,336.8)	(1,306.7)
<b>Total liabilities</b>		<b>(1,616.3)</b>	<b>(1,574.7)</b>
<b>Net liabilities</b>		<b>(310.5)</b>	<b>(313.2)</b>



# NEW LOOK RETAIL GROUP LIMITED

## CONSOLIDATED BALANCE SHEET (continued)

		As at	
		26 March 2016	28 March 2015
	Note	£m	£m
<b>Equity attributable to the owners of New Look Retail Group Limited</b>			
Share capital	31	10.4	10.4
Share premium	31	0.6	0.6
Treasury shares	31	—	(23.2)
Other reserves	32	37.1	19.7
Reverse acquisition reserve	32	(285.3)	(285.3)
Accumulated losses	32	(73.3)	(35.4)
<b>Total equity</b>		<b>(310.5)</b>	<b>(313.2)</b>

The notes on pages 67 to 109 are an integral part of these consolidated financial statements.

The financial statements on pages 61 to 109 were authorised for issue by the Board of Directors on 27 May 2016 and were signed on its behalf by:



Anders Kristiansen  
Chief Executive Officer

New Look Retail Group Limited  
Registration number: 05810406

# NEW LOOK RETAIL GROUP LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to the owners of New Look Retail Group Limited					
		Share capital	Share premium	Treasury shares	Other reserves	Accumulated losses	Total equity
		£m	£m	£m	£m	£m	£m
<b>Balance at 29 March 2014</b>	31, 32	10.4	0.6	(23.3)	(290.1)	(88.9)	(391.3)
<b>Comprehensive income</b>							
Profit for the financial period	32	—	—	—	—	52.9	52.9
<b>Other comprehensive income and expense</b>							
Exchange differences on translation of foreign companies	32	—	—	—	(7.0)	—	(7.0)
Movements in hedged financial instruments	32	—	—	—	38.0	—	38.0
Tax on items recognised directly in equity	11, 32	—	—	—	(8.2)	—	(8.2)
Actuarial gain on post—employment benefit obligations	32, 34	—	—	—	—	0.1	0.1
Disposal of discontinued operations	32	—	—	—	1.7	—	1.7
Total other comprehensive income and expense		—	—	—	24.5	0.1	24.6
<b>Total comprehensive income</b>		—	—	—	24.5	53.0	77.5
<b>Transactions with owners:</b>							
Employee share option scheme:							
– value of employee services	32	—	—	—	—	0.2	0.2
Purchase of treasury shares	31	—	—	(0.3)	—	0.3	—
Disposal of treasury shares		—	—	0.4	—	—	0.4
<b>Total transactions with owners</b>		—	—	0.1	—	0.5	0.6
<b>Balance at 28 March 2015</b>	31, 32	10.4	0.6	(23.2)	(265.6)	(35.4)	(313.2)
<b>Comprehensive income and expense</b>							
Loss for the financial period	32	—	—	—	—	(34.4)	(34.4)
<b>Other comprehensive income and expense</b>							
Exchange differences on translation of foreign companies	32	—	—	—	4.0	—	4.0
Movements in hedged financial instruments	32	—	—	—	(0.5)	—	(0.5)
Reclassification	32	—	—	—	2.6	(2.6)	—
Tax on items recognised directly in equity	11	—	—	—	0.7	—	0.7
Total other comprehensive income and expense		—	—	—	6.8	(2.6)	4.2
<b>Total comprehensive income and expense</b>		—	—	—	6.8	(37.0)	(30.2)
<b>Transactions with owners:</b>							
Employee share option scheme:							
– value of employee services	32	—	—	—	—	9.0	9.0
Cancellation of shares	31, 32	—	—	0.5	0.3	(0.8)	—
Gain on disposal of shares	31, 32	—	—	22.7	10.3	—	33.0
Bonus share issue	31, 32	—	787.1	—	—	(787.1)	—
Share capital reduction	31, 32	—	(787.1)	—	—	787.1	—
Dividends paid	12	—	—	—	—	(9.1)	(9.1)
<b>Total transactions with owners</b>		—	—	23.2	10.6	(0.9)	32.9
<b>Balance at 26 March 2016</b>	31, 32	10.4	0.6	—	(248.2)	(73.3)	(310.5)

The notes on pages 67 to 109 are an integral part of these consolidated financial statements.

# NEW LOOK RETAIL GROUP LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

		For the financial periods	
		52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	Notes	£m	£m
<b>Cash flows from operating activities</b>			
Operating profit from continuing operations		134.4	148.9
Depreciation of property, plant and equipment		41.4	48.0
Impairment of property, plant and equipment		—	4.7
Amortisation and impairment of intangible assets		11.0	13.5
Impairment loss/(reversal) of investment in joint venture		0.6	(0.1)
Loss on disposal of property, plant and equipment and intangible assets		—	0.1
Net gain on acquisition of foreign subsidiary		—	(0.6)
Share based payment expense/(credit)		10.0	(3.2)
Fair value gains on financial instruments		(0.3)	(2.1)
Foreign exchange (gains)/losses on operating activities		(2.1)	1.4
Amortisation of lease inducements		(13.2)	(11.9)
Decrease/(increase) in inventories		1.0	(27.8)
Increase in trade and other receivables		(1.0)	(12.3)
Increase in trade and other payables		14.7	40.1
Increase/(decrease) in provisions		0.9	(6.3)
Income taxes paid		(10.9)	(10.3)
ESOPs shares unallocated		(0.3)	—
Settlement of options		(2.2)	—
Proceeds from settlement of share scheme loans		4.6	—
Disposal of treasury shares		28.8	0.4
Purchase of treasury shares		—	(0.3)
<b>Net cash flow generated from operating activities (continuing operations)</b>		<b>217.4</b>	<b>182.2</b>
Net cash flow used in operating activities (discontinued operations)		—	(4.7)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(47.7)	(42.6)
Purchase of intangible assets		(24.6)	(17.7)
Net proceeds from disposal of subsidiaries		—	14.2
Acquisition of foreign subsidiary (net of cash acquired)		—	0.6
<b>Net cash flow used in investing activities (continuing operations)</b>		<b>(72.3)</b>	<b>(45.5)</b>
Net cash flow used in investing activities (discontinued operations)		—	(4.3)
<b>Cash flows from financing activities</b>			
Interest paid		(140.2)	(70.2)
Interest received		2.9	0.3
Dividends paid		(9.1)	—
Repayment of borrowings — PIK		(386.2)	(37.6)
Repayment of borrowings – bonds		(782.9)	—
Net proceeds from issuance of notes		1,173.6	—
Net investment in discontinued operation		—	(2.7)
<b>Net cash flow used in financing activities (continuing operations)</b>		<b>(141.9)</b>	<b>(110.2)</b>
Net cash flow generated from financing activities (discontinued operations)		—	2.7
<b>Net increase in cash and cash equivalents</b>	26	<b>3.2</b>	<b>20.2</b>
Opening cash and cash equivalents	26	127.1	111.1
Exchange gains/(losses) on cash and cash equivalents	26	4.2	(4.2)
<b>Closing cash and cash equivalents</b>	20,26	<b>134.5</b>	<b>127.1</b>

The notes on pages 67 to 109 are an integral part of these consolidated financial statements.

# NEW LOOK RETAIL GROUP LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

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

The consolidated financial statements of the Group for the 52 weeks ended 26 March 2016 were authorised for issue by the Board of Directors ("the Board") on 27 May 2016 and the balance sheet was signed on the Board's behalf by Anders Kristiansen. New Look Retail Group Limited is a private limited company incorporated and domiciled in England & Wales whose registered office is New Look House, Mercery Road, Weymouth, Dorset, England, DT3 5HJ. The registered number of the company is 05810406.

### 2. Summary of significant accounting policies

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

#### 2.1 Basis of Preparation

The Group financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted for use in the European Union (IFRSs as adopted by the EU), International Financial Reporting Standards Interpretations Committee (IFRSIC) 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 0.1 million (£0.0m) except where otherwise indicated.

The results are 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.

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

On 22 November 2014, the Group fully disposed of Mim SAS, Mim Belgique and SCI Geometry Properties France ("Mim" — part of the International segment) to Main Asia (HK) Limited, an independent company advised by Asia Global (see note 16). The result of the disposal group for the period to the date of disposal has been reported as discontinued operations in the profit for the prior period.

#### 2.1.1 Going Concern

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

#### 2.1.2 Changes in accounting policy and disclosures

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

IAS 19 'Employee benefits' (amendment) on defined benefit plans — effective for accounting periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans to simplify the accounting for contributions that are independent of the number of years of employee service.

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

IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates' (amendments) — effective for accounting periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 dealing with the sale or contribution of assets between an investor and its associate or joint venture, and clarify the application of the consolidation exception for investment entities and their subsidiaries.

IFRS 9 'Financial instruments' (amendment) on general hedge accounting — effective for accounting periods beginning on or after 1 January 2018. These amendments to IFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

IFRS 9 'Financial instruments' on classification and measurement of financial assets — effective for accounting periods beginning on or after 1 January 2018. 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 2018. This is the addition to IFRS 9 for dealing with financial liabilities and replacing IAS 39.

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

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

IFRS 15 'Revenue from contracts with customers' — effective for accounting periods beginning on or after 1 January 2017. This standard will replace IAS 18 and IAS 11 and is based on a single model that distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

IAS 27 'Separate financial statements' (amendment) — effective for accounting periods beginning on or after 1 January 2016. This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

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

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

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

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



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

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

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

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

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

**2.3 Interest in joint ventures**

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has an investment in a joint arrangement which is jointly controlled through a separate legal entity. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method of accounting.

The investment was initially recorded at cost and adjusted thereafter for the post acquisition changes in the Group's share of net assets less distributions received less any impairment in value. The Group's share of the entity's profit or loss after taxation is included in the consolidated income statement with the Group's share of any income and expense outside profit 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 received and receivable for goods and services provided to customers outside the Group, stated net of returns, staff discounts, and value added and other sales taxes.

The Group recognises revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

- Sales of goods and concession income are recognised when goods are delivered and title passed. Income from rendering of services is recognised when the services have been performed. Internet sales are recognised when the goods are despatched to the customer. Store card arrangement fees are recognised over the life of the agreement with the store card provider.

- Revenue from concessions is shown on a net basis, being the commission received rather than the gross value achieved by the concessionaire on the sale.
- Rental income in respect of sub-leased stores is recognised on a straight-line basis over the period of the sub-lease.
- Franchise income is received in connection with the franchise of the Group's brand name overseas. Franchise 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.

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.

**2.5 Cost of sales**

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

Also included are volume based performance rebate income from suppliers. These rebates are recognised when a ratchet level will be met. The amount of rebate recognised is the proportion of the total rebate due based on actual volumes achieved in the year.

**2.6 Finance income and expense**

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

**2.7 Exceptional items**

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

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

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

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.

Subsequent costs 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.

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. Freehold land is not depreciated.

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

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

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

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

## 2.10 Intangible assets

### (a) Goodwill

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

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

### (b) Other intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with an indefinite life are not amortised but are subject to an impairment test as described in note 2.11. Where amortisation is charged on assets with finite lives, this expense is taken

to the consolidated income statement, on a straight—line basis, through administrative expenses, based on the useful life shown below:

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

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

## 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 or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows, cash generating units (CGUs). Impairment is tested for groups of CGUs not larger than operating segments which are country sub—groups of 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.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents the assessment, both at hedge

inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

When a cash flow hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve 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, in the same location as the 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.

### 2.13 Inventories

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

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

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

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

### 2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, 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 relevant to the financial period.

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

- Where the temporary difference arises from the initial recognition of goodwill or a non business combination asset or liability;
- In respect of taxable temporary differences associated with investments in subsidiaries and the joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred income taxes relate to income taxes levied by the same tax jurisdiction and when the Group intends to settle its current tax assets and liabilities on a net basis.

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

### 2.16 Employee benefit costs

#### (a) Pension obligations

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

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

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

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

#### (b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing

termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

## 2.17 Share based payments

Prior to the acquisition of the Group by Brait, the Group operated a number of share based payment schemes: the Senior Management Scheme, the 2004 Share Scheme, the 2006 Option Plan, the 2008 Share Plan and the 2014 Option Plan. Each scheme featured both equity and cash-settled components. The new replacement share scheme for senior management, the ESS scheme, is accounted for as equity settled.

The cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an IFRS 2 compliant pricing model. The 2006 Option Plan was accounted for as a cash-settled scheme on the basis that employees could exercise their options for cash settlement as they were fully vested prior to an exit.

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.

Prior to acquisition by Brait, under the old schemes, the Group provided for the expected cost of 'Good Leavers' which were settled in cash by estimating at each balance sheet date the likely amount of 'Good Leavers' until the date when vesting conditions were met. A provision was created on the balance sheet and a corresponding charge was 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 was payable to the 'Good Leavers' in cash. Under the 2014 Option Plan, 'Good Leavers' retained vested amounts until exit.

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

Following the acquisition by Brait, 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. The obligation for settlement resides in the ultimate parent company, Top Gun Bidco Limited, and is accounted for as an equity settled charge in the New Look Retail Group Limited financial statements.

## 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 the income statement on a straight-line basis over the lease term. Capital contributions from landlords are reflected as lease incentives in the same way.

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

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

## 2.21 Share capital

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

## 2.22 Segment reporting

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

## 2.23 Underlying operating profit

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

## 2.24 Dividend distribution

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



**3. Treasury and financial risk management**

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk (including foreign exchange rate risk and interest rate risk) 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 in order to meet operational needs. Due to the dynamic nature of the underlying businesses, Group treasury maintains certainty of funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position which comprise an undrawn revolving credit facility of £100.0 million (2015: £75.0 million), an overdraft limit of £5.0 million (2015: £5.0 million) and cash and short-term deposits (note 20) on the basis of expected cash flow.

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

**Currency risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, US dollar and Chinese Renminbi. 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 the period 14 May 2013 to 23 June 2015, the Group had bond tranches denominated in Euros and US dollars. All other group borrowings were in Sterling. During the period 24 June 2015 to 26 March 2016 the Group had note tranches denominated in Euros. All other group borrowings were in Sterling.

During the period ended 26 March 2016, if Sterling had weakened by 5.0% against the Euro with all other variables held constant, post-tax loss (2015: gain) for the period would have been £6.7 million higher (2015: £3.8 million lower), mainly as a result of the translation of Euros

denominated bonds partially offset by recycling from hedge reserve of gains arising on fair value movement of cross currency swaps and the translation of Euro cash balances held; post-tax increase (2015: decrease) in shareholders' deficit would have been £3.3 million lower (2015: £1.7 million higher) due to the consolidation of net assets and liabilities of foreign subsidiaries with their functional currency as Euro.

During the period ended 26 March 2016, if Sterling had weakened by 5.0% against the US dollar with all other variables held constant, post-tax loss (2015: gain) for the period would have been £2.0 million higher (2015: £2.1 million lower), mainly as a result of revaluation of overseas trade creditors; post-tax decrease (2015: increase) in shareholders' deficit would have been £19.4 million lower (2015: £14.7 million higher) as a result of the movement in forward currency contracts.

**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. Since the Group refinancing transaction on 24 June 2015, the Group has hedged 54% of the floating rate exposure. Prior to the refinancing, Group policy was to hedge 50–75% of floating rate exposure.

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

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

- In the case of fair value hedges designed to partially hedge interest rate risk, the changes in the fair value of the hedging instrument is offset completely in the income statement in the same period by the changes in the fair value of the hedged item. 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' deficit and are therefore taken into consideration in the equity-related sensitivity calculations.
- Changes in the market interest rate of interest rate derivatives affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations.
- Currency derivatives are not exposed to interest rate risks and are therefore not included in the interest rate sensitivity calculations.

During the period ended 26 March 2016, if interest rates on cash and cash equivalent deposit balances had been 100 basis points higher (2015: 100 bp) with all other variables held constant, post-tax loss (2015: gain) for the period would have been £0.4 million lower (2015: £0.5 million higher), mainly as a result of a higher interest income on floating rate deposits; post-tax movement in equity would be unaffected (2015: unaffected) as a result of movement in cash flow hedges.

During the period ended 26 March 2016, if interest rates on Euro denominated borrowings had been 100 basis points higher (2015: 100 bp) with all other variables held constant, post-tax loss (2015: gain) for the period would have been £0.9 million higher (2015: unaffected) due to the higher interest payable on the unhedged portion of the euro floating rate senior secured notes.

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

As a result of the refinancing on 24 June 2015, the quarterly debt covenant reporting requirements ceased. The revolving credit facility is subject to quarterly covenant leverage reporting on an annualised basis beginning on the quarter ending 25 June 2016.

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 26 March 2016, net debt was £1,073.1 million (2015: £1,037.9 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 in note 2.11. The recoverable amounts of cash—generating units have been determined based on the higher of value in use or fair value less cost to sell. These calculations require the use of estimates as detailed in note 14.

##### (b) Estimated impairment of with finite lives assets

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

##### (c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. At each financial period end, judgement is required in determining the Group provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on the best estimates of whether additional taxes will be due at the balance sheet date. Where

the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made, as presented in note 11.

##### (d) Share based payments

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

##### (e) 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 balance sheet date. The Group also tests for impairment when a trigger event occurs, or annually as appropriate.

##### (f) Onerous lease provisions

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

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

##### (g) Inventory provisions

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

##### (h) Exceptional items

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

#### 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 results of the French and German websites are included within the E-commerce segment as the websites are traded currently as a translated extension of the UK site. Whilst it is possible to identify the sales for these sites separately, costs are not allocated to each individual site as they are all reported within the E—commerce segment.

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

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

The Board assesses the performance of the 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

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

## 5. Segment information (continued)

(see definition in note 2.23). This measurement basis excludes the effects of exceptional items, share-based payments, unrealised gains/losses on financial instruments, the impairment charge or write back of tangible and intangible assets and the income statement charge or credit in relation to the onerous lease provision. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>External revenue</b>		
<b>Continuing operations</b>		
New Look brand		
– UK Retail <sup>(1)</sup>	1,066.5	1,057.8
– E-commerce <sup>(1) (2) (3)</sup>	201.2	157.3
– 3rd Party E-commerce <sup>(2)</sup>	48.2	34.0
– International	154.6	149.1
– Franchise	43.1	46.1
Total New Look brand	1,513.6	1,444.3
Adjustment to state concession income on a net basis for statutory reporting purposes	(23.0)	(29.8)
Total external revenue from continuing operations	1,490.6	1,414.5
<b>Discontinued operations</b>		
Mim brand – owned stores	—	98.0
<b>Total Group external revenue</b>	<b>1,490.6</b>	<b>1,512.5</b>

(1) A reclassification of £9.4 million for sales made via 'Order in Store' from E-commerce to UK Retail has been included in the comparative period  
(2) The external revenue from 3rd Party E-commerce of £34.0 million has been reclassified from the E-commerce segment in the comparative period  
(3) E-Commerce sales include £13.5 million (2015: £8.4 million) for the French and Germany translated websites and the rest of world purchases in Euros

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>External revenue</b>		
<b>Continuing operations</b>		
UK <sup>(1)</sup>	1,267.7	1,215.1
International <sup>(1)</sup>	245.9	229.2
Segmental gross transactional value	1,513.6	1,444.3
Adjustment to state concession income on a net basis for statutory reporting purposes	(23.0)	(29.8)
Total external revenue from continuing operations	1,490.6	1,414.5
<b>Discontinued operations</b>		
International	—	98.0
<b>Total Group external revenue</b>	<b>1,490.6</b>	<b>1,512.5</b>

(1) 3rd Party E-commerce has been reclassified from E-commerce into a standalone segment and has been reclassified from UK to International in the comparative period.

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

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Underlying operating profit/(loss)</b>		
<b>Continuing operations</b>		
New Look brand		
– UK Retail <sup>(1)</sup>	120.7	114.7
– E—commerce <sup>(1) (2)</sup>	41.8	30.3
– 3rd Party E—commerce <sup>(2)</sup>	13.8	10.9
– International	(8.8)	(9.5)
– Franchise	7.2	6.8
Total underlying operating profit from continuing operations	174.7	153.2
<b>Discontinued operations</b>		
Mim brand – owned stores	—	(3.8)
<b>Total Group underlying operating profit</b>	<b>174.7</b>	<b>149.4</b>

(1) A reclassification of £4.1 million underlying operating profit for sales made via 'Order in Store' from E—commerce to UK Retail has been included in the comparative period  
(2) The underlying operating profit of £10.9 million from 3rd Party E—commerce has been reclassified from the E—commerce segment in the comparative period

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Underlying operating profit/(loss)</b>		
<b>Continuing operations</b>		
UK <sup>(1)</sup>	162.5	145.0
International <sup>(1)</sup>	12.2	8.2
Total underlying operating profit from continuing operations	174.7	153.2
<b>Discontinued operations</b>		
International	—	(3.8)
<b>Total Group underlying operating profit</b>	<b>174.7</b>	<b>149.4</b>

(1) 3rd Party E—commerce has been reclassified from E—commerce into a standalone segment and has been reclassified from UK to International in the comparative period.

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Capital expenditure</b>		
<b>Continuing operations</b>		
New Look brand		
– UK Retail	50.8	50.4
– E—commerce	7.6	3.3
– 3rd Party E—commerce	—	—
– International	14.7	8.1
– Franchise	—	—
Total capital expenditure from continuing operations	73.1	61.8
<b>Discontinued operations</b>		
Mim brand –owned stores	—	1.6
<b>Total Group capital expenditure</b>	<b>73.1</b>	<b>63.4</b>



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

## 5. Segment information (continued)

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Capital expenditure</b>		
<b>Continuing operations</b>		
UK	58.4	53.7
International	14.7	8.1
Total capital expenditure from continuing operations	73.1	61.8
<b>Discontinued operations</b>		
International	—	1.6
<b>Total Group capital expenditure</b>	<b>73.1</b>	<b>63.4</b>

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Depreciation and amortisation</b>		
<b>Continuing operations</b>		
New Look brand		
– UK Retail	41.9	47.5
– E—commerce	3.7	4.5
– 3rd Party E—commerce	—	—
– International	6.9	7.2
– Franchise	—	—
Total depreciation and amortisation from continuing operations	52.5	59.2
<b>Discontinued operations</b>		
Mim brand – owned stores	—	0.6
<b>Total Group depreciation and amortisation</b>	<b>52.5</b>	<b>59.8</b>

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Depreciation and amortisation</b>		
<b>Continuing operations</b>		
UK	45.6	52.0
International	6.9	7.2
Total depreciation and amortisation from continuing operations	52.5	59.2
<b>Discontinued operations</b>		
International	—	0.6
<b>Total Group depreciation and amortisation</b>	<b>52.5</b>	<b>59.8</b>

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

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>External revenue</b>		
<b>Continuing operations</b>		
United Kingdom	1,256.5	1,199.6
France	59.3	59.4
Rest of Europe	106.5	106.3
Middle East	36.6	33.0
Rest of World	31.7	16.2
Total external revenue from continuing operations	1,490.6	1,414.5
<b>Discontinued operations</b>		
France	—	96.9
Rest of Europe	—	1.1
<b>Total Group external revenue</b>	<b>1,490.6</b>	<b>1,512.5</b>

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Non-current assets</b>		
United Kingdom	814.6	805.1
France	20.9	17.7
Rest of Europe	27.5	26.6
Rest of World	9.9	2.6
	872.9	852.0

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

## 6. Revenue

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Continuing operations</b>		
Sale of goods	1,470.7	1,389.3
Rental income	1.2	1.6
Store card arrangement fee	2.7	2.7
Franchise royalty income	0.4	0.4
Concession income (net)	15.6	20.5
Total external revenue from continuing operations	1,490.6	1,414.5
<b>Discontinued operations</b>		
Sale of goods	—	98.0
<b>Total Group external revenue</b>	<b>1,490.6</b>	<b>1,512.5</b>

Included within rental income is contingent rent of £0.3 million (2015: £0.5 million).

## 7. Operating profit

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Group operating profit from continuing operations is stated after charging/(crediting):</b>		
Staff costs (note 8a)	227.4	192.9
Depreciation of property, plant and equipment	41.4	48.0
Impairment loss of property, plant and equipment	—	4.7
Amortisation of intangible assets	11.1	11.2
Impairment (reversal)/loss of intangible assets	(0.1)	2.3
Impairment loss/(reversal) of investment in joint venture	0.6	(0.1)
Amortisation of lease incentives	(7.2)	(6.6)
Loss on disposal of intangible assets	—	0.1
Operating lease charges:		
– Minimum lease payments	161.3	160.5
– Contingent rent payments	0.8	—
Net foreign exchange differences	3.5	3.8
Fair value movement of financial instruments	(0.3)	(2.1)
Cost of inventories recognised as an expense through cost of sales	610.0	572.6
Write down of inventories to net realisable value through cost of sales	15.4	23.4
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the Group and parent company	0.3	0.3
Fees payable to the company's auditors and its associates for other services:		
– The audit of the company's subsidiaries pursuant to legislation	0.3	0.3
– Tax compliance services	0.2	0.1
– Tax advisory services	0.1	0.3
– Other assurance services	0.1	0.8
– All other services	1.8	0.5

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

## 8a. Staff costs

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Continuing operations</b>		
Wages and salaries	197.5	179.9
Social security costs	16.7	14.0
Other pension costs (note 34)	3.2	2.2
	217.4	196.1
Share based payment expense / (credit) (note 30)	10.0	(3.2)
	227.4	192.9
<b>Discontinued operations</b>		
Staff costs	—	23.8
	227.4	216.7

In addition to the above, costs relating to temporary and contract staff of continuing operations total £8.7 million (2015: £9.0 million). Costs relating to temporary and contract staff of discontinued operations total £nil (2015: £nil).

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

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	Number	Number
<b>Continuing operations</b>		
Administration and distribution	2,507	2,451
Retailing	16,023	15,429
	18,530	17,880
<b>Discontinued operations</b>		
Average monthly number of employees	—	1,783

## Compensation for key management personnel

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

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
Short term employee benefits	5.7	1.9
Termination benefits	0.4	0.2
Post—employment benefits	0.2	0.1
Share based payment expense	7.9	0.5
	14.2	2.7

The amount due to key management personnel at 26 March 2016 in respect of bonuses due to be paid in May 2016, including the Directors, is £0.5 million (2015: £0.2 million).

Retirement benefits are accruing to five members of key management (2015: two) at the end of the period. Directors' remuneration is detailed in note 8b.

Seven Directors (or their related parties) and key management personnel sold an interest in shares (2015: one) as part of the acquisition by Brait. The aggregate value of the cash consideration received was £155,699,392. In addition as part of the consideration Ordinary shares with a value of £97,791 and Preference shares with a value of £83,572,263 in Top Gun Bidco Limited were issued. Accrued preference share interest amounts to £6,296,540 at 26 March 2016.

Six Directors and key management personnel exercised share options (2015: none) as part of the acquisition by Brait. The aggregate value of the cash consideration received was £6,738,799. In addition as part of the consideration Ordinary shares with a value of £1,398 and Preference shares with a value of £1,370,106 in Top Gun Bidco Limited were issued. Accrued preference share interest amounts to £36,508 at 26 March 2016.

The aggregate amount outstanding to Directors (or their related parties) and key management personnel at 26 March 2016 for Preference Shares and Accrued Interest is £90,389,872.



**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 26 March 2016 and 28 March 2015.

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
Aggregate emoluments in respect of qualifying services	4.5	1.4
Compensation for loss of office	0.5	0.2
Company contributions paid in respect of pension schemes	0.1	—

One (2015: none) Director waived their right to a bonus in the reporting period. Three (2015: one) Directors exercised share options, four (2015: one) Directors sold an interest in shares and one (2015: two) Directors were granted share options in the period. Retirement benefits are accruing to one (2015: one) Director at the end of the period.

During the financial period, four Directors (2015: four) received emoluments in respect of qualifying services.

**(b) Directors' details****Directors**

A Kristiansen, T Singh, A Singh, D Barrasso, R Wightman, J Gnodde, C Wiese, J Wiese, B Baisley, A Walker and S Dougherty were Directors as at 26 March 2016. P Mason, M Garland, E Nyborg, M Halusa, S Giambelli and T de Santos resigned on 25 June 2015. M Iddon resigned on 1 March 2016. R Wightman, J Gnodde, C Wiese, J Wiese, B Baisley, A Walker and S Dougherty were appointed on 25 June 2015, and A Singh and D Barrasso were appointed on 1 December 2015.

In the financial period ended 26 March 2016, each of the following were Executive Directors: A Kristiansen, M Iddon, D Barrasso and R Wightman (2015: A McGeorge, A Kristiansen, A Miller and M Iddon).

As representatives of Permira, M Garland and E Nyborg had an indirect economic interest in the shares of the Company held by the Permira Funds. As representatives of Apax, S Giambelli and M Halusa had an indirect economic interest in the shares of the Company held by the Apax Funds. During the financial period, a monitoring fee of £0.1 million (2015: £0.2 million) was payable to each of Apax and Permira.

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

For details of transactions with the Directors, see note 35.

**Highest paid Director**

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
Aggregate emoluments in respect of qualifying services	3.1	0.9
Company contributions paid in respect of pension schemes	—	—

## 9. Finance income and expense

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Finance income</b>		
Interest on bank deposits	0.2	0.3
Exchange rate gain on revaluation of Euro bond	4.0	16.5
Exchange rate gain on revaluation of US dollar bond <sup>(1)</sup>	—	—
<b>Finance income before exceptional income</b>	<b>4.2</b>	<b>16.8</b>
<b>Exceptional items – finance income</b>		
Refinancing income	2.4	—
Exchange rate gain on revaluation of notes in escrow <sup>(3)</sup>	0.5	—
<b>Total finance income</b>	<b>7.1</b>	<b>16.8</b>
<b>Finance expense</b>		
Interest on bonds, bank loans and overdrafts	(76.6)	(68.1)
Interest on PIK debt	(10.7)	(42.5)
Premium on PIK prepayment	(2.3)	(1.2)
Exchange rate loss on revaluation of Euro notes <sup>(2)</sup>	(15.0)	—
Amortisation of issue costs on loans	(14.0)	(3.2)
<b>Finance expense before exceptional expenses</b>	<b>(118.6)</b>	<b>(115.0)</b>
<b>Exceptional items – finance expense</b>		
Refinancing costs	(57.9)	—
Exchange rate loss on revaluation of funds in escrow <sup>(3)</sup>	(0.5)	—
<b>Total finance expense</b>	<b>(177.0)</b>	<b>(115.0)</b>

(1) During the financial period, a £9.2 million loss (2015: £17.7 million gain) resulting from US dollar cross currency derivatives, accounted for as cash flow hedges, was recycled from reserves into finance income (2015: finance expense) in the consolidated income statement and nets against the £9.2 million gain (2015: £17.7 million loss) on revaluation of the US dollar bond.

(2) During the financial period, a £17.6 million gain (2015: £nil) resulting from Euro cross currency derivatives, accounted for as cash flow hedges, was recycled from reserves into finance expense in the consolidated income statement and nets against the £32.6 million loss (2015: £nil) on revaluation of the Euro notes since the release of funds from escrow on 25 June 2015.

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

**Premium on PIK prepayment**

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

As permitted under the PIK facility agreement dated 14 May 2013, New Look Finance II plc gave notice to its debt investors on 23 April 2014 that it intended to prepay an amount of the new PIK debt equal to a principal amount of £37.6 million plus accrued interest of £1.2 million and a redemption premium of £1.2 million. The prepayment was settled on 27 May 2014.

**Refinancing income and refinancing costs**

As a result of the Group refinancing during the financial period ended 29 March 2014, £18.0 million of costs incurred were capitalised into the value of the borrowings. During the financial period ended 26 March 2016, £12.1 million (2015: £3.2 million) of these capitalised debt costs have been amortised.

As a result of the Group refinancing during the financial period ended 26 March 2016, £22.4 million of costs incurred were capitalised into the value of the borrowings. During the financial period ended 26 March 2016, £1.9 million of these capitalised debt costs have been amortised. In addition, £57.9 million of exceptional costs were incurred and £2.4 million of exceptional income was received during the period ended 26 March 2016 (see note 27).

## 10. Exceptional items

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Continuing operations</b>		
<b>Operating exceptional items</b>		
Transactions relating to the sale of the Group	27.3	—
Loss on acquisition of foreign subsidiary	—	0.2
Loss on divestment of joint venture	0.8	3.7
Review of business financing	0.3	2.9
<b>Total operating exceptional items</b>	<b>28.4</b>	<b>6.8</b>
Net refinancing costs (note 9)	55.5	—
<b>Total exceptional items from continuing operations</b>	<b>83.9</b>	<b>6.8</b>
<b>Discontinued operations</b>		
Operating exceptional items	—	(0.6)
Non—operating exceptional items	—	(7.4)
<b>Total Group exceptional items</b>	<b>83.9</b>	<b>(1.2)</b>

## Transactions relating to the sale of the Group

During the financial period ended 28 March 2015, the Group undertook a number of investigative and preparatory steps in connection with a review of the Group's capital structure.

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

## Loss on acquisition of foreign subsidiary

On 14 February 2014, the Group acquired two subsidiary companies from its Franchise Partner in Poland. The difference between the consideration paid and the assets acquired and liabilities assumed on acquisition resulted in an initial gain on acquisition of £3.2 million. Legal costs incurred directly relating to the acquisition of £0.4 million and an unwinding of the fair value adjustment on inventories of £0.3 million were also included in the net gain on acquisition in the period ended 29 March 2014.

During the financial period ended 28 March 2015, final adjustments to the purchase price were agreed and a further gain of £0.6 million was credited to the income statement. In addition, a cost of £0.8 million was recognised as a result of unwinding the remaining fair value adjustment on inventories arising on the acquisition of the companies.

## Loss on divestment of joint venture

During the financial period ended 28 March 2015, the Board took the decision to divest its 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi. A fee of £3.8 million was agreed in settlement of the Group's outstanding obligations in respect of a service agreement with the joint venture. During the financial period ended 24 March 2012, an impairment loss was recorded in relation to the recoverability of the 50% joint interest in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi.

During the period ended 28 March 2015 £0.1 million of that impairment was reversed. During the financial period ended 26 March 2016, £0.6 million impairment loss was incurred. In addition, costs of disposal of £0.2 million were incurred (2015: £nil). The sale of shares in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi held by the Group is due to complete in June 2016 (see note 15 for further details).

**Review of business financing/net refinancing costs**

During the period ended 28 March 2015, the Group undertook a number of investigative and preparatory steps in connection with a review of the Group's capital structure and optimising its financing arrangements. Total costs incurred were £2.9 million.

During the period ended 26 March 2016, the Group undertook a debt refinancing following its ultimate controlling parties decision to enter into a Sale and Purchase Agreement with Brait. Total costs incurred were £89.8 million, of which £22.4 million have been capitalised as debt issue costs, £55.5 million recognised as a net exceptional finance expense, £11.6 million of previously capitalised debt issuance costs have been accelerated and recognised as an operational finance expense and £0.3 million recognised as an operational exceptional expense (see note 27 for full details).

**Discontinued operations exceptional items**

During the financial period ended 29 March 2014, management reviewed the value in use of the Mim business based on the latest 3 year forecast of future operating cash flows. As a result, the carrying value of Mim net assets held by the Group was written down to its value in use. This included an impairment of trade and other receivables of £9.6m. Prior to disposal in the period ended 28 March 2015, £0.6 million of this impairment was reversed.

Following this strategic review, the Board determined that the Mim business was not a strategic focus for the Group going forward. On 22 November 2014 the Group completed the sale of Mim to Main Asia (HK) Limited, an independent company advised by Asia Global, resulting in a net gain on disposal of £7.4 million in the period to 28 March 2015. Legal costs incurred directly relating to the disposal of £0.4 million and bonus payments to the senior management of Mim of £0.6 million have been included in the net gain on disposal. Further details of the disposal are included in note 16.

**11. Taxation**

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Continuing operations</b>		
<b>Current tax:</b>		
UK corporation tax on profits for the period	0.2	3.8
Double tax relief	(0.1)	(0.1)
Adjustments in respect of prior periods	7.8	(5.9)
Overseas tax	0.1	0.2
Total current tax from continuing operations	8.0	(2.0)
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	0.2	6.8
Impact of change in UK corporation tax rate	(3.3)	—
Adjustment in respect of prior periods	(5.4)	(3.2)
Total deferred tax from continuing operations	(8.5)	3.6
Income tax (credit)/charge from continuing operations	(0.5)	1.6
<b>Discontinued operations</b>		
Income tax charge from discontinued operations	—	0.8
<b>Total income tax (credit)/charge</b>	<b>(0.5)</b>	<b>2.4</b>

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

## 11. Taxation (continued)

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

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Continuing operations</b>		
(Loss)/profit before taxation	(34.9)	50.6
Tax (credit)/charge on profit at standard rate of 20% (2015: 21%)	(7.0)	10.6
<b>Reasons affecting charge for the period:</b>		
Depreciation on non-qualifying assets	1.3	1.8
Expenses not deductible for tax purposes/(non-taxable income)	9.1	(1.5)
Foreign tax charged at a different rate than UK standard rate	(0.5)	(1.1)
Utilisation of tax losses not previously recognised	(3.4)	—
Tax losses for which no deferred income tax asset was recognised	0.8	0.9
Re-measurement of deferred tax – change in the UK corporation tax rate	(3.3)	—
Adjustment to current tax charge in respect of prior periods	7.8	(5.9)
Adjustment to deferred tax charge in respect of prior periods	(5.3)	(3.2)
<b>Income tax (credit)/charge from continuing operations</b>	(0.5)	1.6
<b>Discontinued operations</b>		
Income tax charge from discontinued operations	—	0.8
<b>Total income tax (credit)/charge</b>	(0.5)	2.4

The adjustment to current tax charge in respect of prior periods is primarily due to a reversal of a loan impairment provision following the acquisition by Brait (which partially offsets against a corresponding deferred tax prior year adjustment, see below) and an adjustment to a share based payment provision.

The adjustment to deferred tax charge in respect of prior periods is primarily due to a reversal of a loan impairment provision following the acquisition by Brait and an adjustment to lease incentive balances as a result of the transition to FRS 101 for UK tax assessments.

The Finance Act 2015 was substantively enacted on 26 October 2015 and reduced the main rate of corporation tax to 19.0% with effect from 1 April 2017 and 18.0% from 1 April 2020. Closing deferred tax balances have therefore been valued at 18.0%, 19.0% or 20.0% (2015: 20.0%) depending on the date they are expected to unwind. A further reduction in the main rate of corporation tax to 17% with effect from 1 April 2020 has been announced but was not substantively enacted at 26 March 2016.

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

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
<b>Deferred tax:</b>		
Foreign exchange movements in translation reserve (continued operations)	(0.7)	—
Foreign exchange movements from translation reserve (discontinued operations)	—	(2.6)
Tax on cash flow hedges (continuing operations)	—	8.2
Tax (credit)/expense on items recognised directly in equity	(0.7)	5.6



**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.

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
Deferred tax asset to be recovered within 12 months	3.0	1.4
Deferred tax asset to be recovered after more than 12 months	17.9	20.0
	20.9	21.4
Deferred tax liability falling due within 12 months	(3.7)	(10.7)
Deferred tax liability falling due after more than 12 months	(53.3)	(56.0)
	(57.0)	(66.7)
	(36.1)	(45.3)

The movement in the period is as follows:

	Accelerated capital allowances	Brand	Other temporary differences	Total
	£m	£m	£m	£m
At 29 March 2014	4.2	(58.4)	20.1	(34.1)
Credited/(charged) to income statement (continuing operations)	0.9	—	(5.3)	(4.4)
Recognised directly in equity (continuing operations)	—	—	(8.2)	(8.2)
Removed from equity (discontinued operations)	—	2.6	—	2.6
Transferred to disposal group	—	—	(1.2)	(1.2)
At 28 March 2015	5.1	(55.8)	5.4	(45.3)
Credited/(charged) to income statement	8.2	5.6	(5.3)	8.5
Recognised directly in equity	—	—	0.7	0.7
<b>At 26 March 2016</b>	<b>13.3</b>	<b>(50.2)</b>	<b>0.8</b>	<b>(36.1)</b>

There is a deferred tax asset in respect of capital losses of £1.9 million (2015: £2.1 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.

Release of ESOT loan impairment (2015: Onerous lease cost and expected reversal of ESOT loan impairment) is the main item included in other temporary differences.

Deferred tax assets of £4.2 million (2015: £11.4 million) relating to losses in New Look Belgium (2015: New Look France SAS, New Look Belgium SA and New Look Holland BV) 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 £30.7 million (2015: £5.0 million).

**12. Dividends**

On 16 July 2015, the Group declared and paid an intra—group dividend of £6.3 million to its new parent entity, Top Gun Bidco Limited, to pay certain parent expenses in connection with the Brait acquisition, as permitted under the indenture for the Group's borrowings.

On 30 November 2015, the Group declared and paid an intra—group dividend of £1.1 million to Top Gun Midco Limited for the same purpose (see note 37 for explanation of the insertion of this company), comprising £0.3 million for certain parent expenses in connection with the Brait acquisition and £0.8 million to repurchase shares from Management leavers.

On 23 March 2016, the Group declared and paid an intra—group dividend of £1.7 million to Top Gun Midco Limited in order for Top Gun Bidco Limited to repurchase shares from Management leavers.

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

## 13. Property, plant and equipment

	Freehold land and buildings	Fixtures and equipment	Total
	£m	£m	£m
<b>Cost</b>			
At 29 March 2014	11.0	577.7	588.7
Exchange movement	—	(12.1)	(12.1)
Additions <sup>(1)</sup>	(0.2)	42.7	42.5
Disposals	—	(22.4)	(22.4)
Transferred to disposal group	—	(65.3)	(65.3)
At 28 March 2015	10.8	520.6	531.4
Exchange movement	—	5.9	5.9
Additions <sup>(1)</sup>	(0.2)	48.5	48.3
Disposals	—	(17.7)	(17.7)
At 26 March 2016	10.6	557.3	567.9
<b>Accumulated depreciation</b>			
At 29 March 2014	(0.4)	(438.7)	(439.1)
Exchange movement	—	10.2	10.2
Depreciation charge <sup>(2)</sup>	(0.3)	(47.8)	(48.1)
Impairment loss	—	(4.7)	(4.7)
Disposals	—	22.4	22.4
Transferred to disposal group	—	64.8	64.8
At 28 March 2015	(0.7)	(393.8)	(394.5)
Exchange movement	—	(5.3)	(5.3)
Depreciation charge	(0.2)	(41.2)	(41.4)
Disposals	—	17.7	17.7
At 26 March 2016	(0.9)	(422.6)	(423.5)
<b>Net Book Value</b>			
<b>26 March 2016</b>	9.7	134.7	144.4
<b>28 March 2015</b>	10.1	126.8	136.9

(1) Freehold land and buildings includes a release of £0.2 million (2015: £0.2 million) capital accrual  
(2) Includes £0.1 million of depreciation relating to discontinued operations

Freehold land of £1.2 million (2015: £1.2 million) is not depreciated.

Included within fixtures and equipment are assets in the course of construction of £17.6 million (2015: £5.3 million), which are not depreciated.

At 26 March 2016, the Group has entered into contractual commitments for the acquisition of property, plant and equipment amounting to £18.5 million (2015: £8.6 million).

## 14. Intangible assets

	Goodwill	Brands	Recoverable leasehold property premiums	Software licences	Total
	£m	£m	£m	£m	£m
<b>Cost</b>					
At 29 March 2014	365.3	318.9	27.4	73.5	785.1
Exchange movement	—	(1.6)	(2.1)	(0.1)	(3.8)
Additions	—	0.2	0.3	20.4	20.9
Disposals	—	—	(0.6)	(4.5)	(5.1)
Transferred to disposal group	—	(35.9)	(15.8)	(2.2)	(53.9)
At 28 March 2015	365.3	281.6	9.2	87.1	743.2
Exchange movement	—	—	0.9	—	0.9
Additions	—	—	—	24.8	24.8
Disposals	—	—	—	(1.0)	(1.0)
At 26 March 2016	365.3	281.6	10.1	110.9	767.9
<b>Accumulated amortisation and impairment</b>					
At 29 March 2014	—	(37.5)	(4.2)	(40.4)	(82.1)
Exchange movement	—	1.6	0.2	0.1	1.9
Amortisation charge <sup>(1)</sup>	—	—	(0.3)	(11.4)	(11.7)
Impairment loss <sup>(2)</sup>	—	—	(1.1)	(1.3)	(2.4)
Disposals	—	—	0.5	4.5	5.0
Transferred to disposal group	—	35.9	4.2	1.6	41.7
At 28 March 2015	—	—	(0.7)	(46.9)	(47.6)
Exchange movement	—	—	(0.1)	—	(0.1)
Amortisation charge	—	—	—	(11.1)	(11.1)
Impairment reversal	—	—	0.1	—	0.1
Disposals	—	—	—	1.0	1.0
At 26 March 2016	—	—	(0.7)	(57.0)	(57.7)
<b>Net Book Value</b>					
<b>At 26 March 2016</b>	<b>365.3</b>	<b>281.6</b>	<b>9.4</b>	<b>53.9</b>	<b>710.2</b>
At 28 March 2015	365.3	281.6	8.5	40.2	695.6

(1) Includes £0.5 million of amortisation relating to discontinued operations.

(2) Includes £0.1 million of impairment loss relating to discontinued operations.

As at 26 March 2016, the Group had entered into contractual commitments for the acquisition of software amounting to £6.1 million (2015: £1.7 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.

As at 26 March 2016, Brands represents the New Look brand acquired through business combinations. Fair value was established by independent valuers and was based on the relief from royalty method. The Group is committed to the continuing development of the New Look brand and has concluded that it has an indefinite useful life.

As at 29 March 2014, brands also included the Mim brand, acquired through business combinations. Fair value was established by independent valuers and was based on the relief from royalty method. As part of the disposal of Mim in November 2014, the Mim brand was disposed of (see note 16).

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 £0.1 million (2015: impairment loss of £1.1 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 five year period from the balance sheet date.

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

- The forecast operating cash flows for the next five years are based on approved budgets and plans. These budgets and plans are based on past performance and expectations for the market development of the relevant groups of CGUs;
- An estimate of the long—term effective tax rate for the CGU; and
- The rate of growth used to extrapolate cash flows beyond the three year plan period is 2% per annum (2015: 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 10.01% (2015: 10.0%). This rate reflects management's estimate of the cost of capital for the business.

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

NEW LOOK RETAIL GROUP LIMITED  
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**15. Investment in joint venture**

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 assets, liabilities, revenue and expenses of the jointly controlled entity are as follows:

	As at	
	26 March 2016	28 March 2015
	£m	£m
Joint venture's balance sheet		
Non-current assets	0.1	—
Current assets	4.1	3.3
Current liabilities	(3.4)	(3.9)
Non-current liabilities	(0.2)	—
Total net assets/(liabilities)	0.6	(0.6)
50% share of net assets/(liabilities)	0.3	(0.3)
Loan to joint venture	0.8	0.8
Impairment loss*	(1.1)	(0.5)
Total investment in joint venture	—	—

\* Details of the impairment charge of £0.6 million (2015: £0.1 million reversal of charge) are included in note 10.

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
Joint venture's result		
Revenue	25.2	13.5
Cost of sales	(22.6)	(12.4)
Administrative expenses	(1.4)	(1.3)
<b>Profit/(Loss) before taxation</b>	1.2	(0.2)
Taxation	—	—
Profit/(Loss) for the financial period	1.2	(0.2)
<b>50% share of joint venture's result</b>	0.6	(0.1)

The share capital of the joint venture is 3,040,000 YTLs (being equivalent of £1,272,020 at a conversion rate of 2.39 YTLs to each Pound Sterling) divided into 121,600 shares of 25 YTLs each. New Look Retailers Limited and Global Tekstil Danismanlik Sanayi Ve Ticaret Limited 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.

During the period ended 28 March 2015, the Board took the decision to divest its 50% interest in NLT Tekstil Sanayi Ve Ticaret Limited Şirketi (see note 10). The sale of the shares is due to complete in June 2016.

## 16. Discontinued operations

Following a strategic review performed in the year ended 29 March 2014, the Board determined that the Mim business was not a strategic focus for the Group going forward. On 22 November 2014, the Group fully disposed of Mim SAS, Mim Belgique and SCI Geometry Properties France ("Mim" — part of the International segment) to Main Asia (HK) Limited, an independent company advised by Asia Global.

The result of the disposal group for the period to the date of disposal has been reported as discontinued operations in the profit for the prior period.

Analysis of the result of discontinued operations, and the result recognised in the re-measurement of assets of the disposal group, is as follows:

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
Revenue	—	98.0
Cost of sales	—	(45.2)
<b>Gross profit</b>	—	52.8
Administrative expenses*	—	(55.5)
<b>Operating loss</b>	—	(2.7)
Gain on disposal	—	7.4
Finance income	—	—
Finance expense	—	—
<b>Profit before taxation</b>	—	4.7
Taxation	—	(0.8)
<b>Profit after taxation</b>	—	3.9

No income or expense was recognised in other comprehensive income relating to the disposal group in the period to 26 March 2016, or in the period to 28 March 2015.

Cash flows of the discontinued operation included within the consolidated cash flow statement of the Group, are as follows:

	For the financial periods	
	52 weeks ended 26 March 2016	52 weeks ended 28 March 2015
	£m	£m
Operating cash flows	—	(4.7)
Investing cash flows	—	(4.3)
Financing cash flows	—	2.7
<b>Total cash flows</b>	—	(6.3)

## 17. Inventories

	As at	
	26 March 2016	28 March 2015
	£m	£m
Raw materials and work in progress	2.2	1.4
Finished goods	144.0	146.8
Spare parts	1.6	—
	<b>147.8</b>	<b>148.2</b>

Spare parts of £1.1 million were included in property, plant and equipment in 2015. In the current financial period spare parts have been reclassified to inventories.

Inventories with a value of £2.2 million (2015: £2.1 million) are carried at fair value less costs to sell, this being lower than cost. Cost of inventories recognised as an expense and any write downs of inventories are disclosed in note 7.



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

## 18. Trade and other receivables

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Current</b>		
Trade receivables	26.2	24.4
Other receivables	12.0	11.0
Prepayments	41.6	40.8
Accrued income	3.4	3.8
	83.2	80.0
<b>Non-current</b>		
Other receivables	0.9	0.4
Prepayments	17.3	18.9
Accrued income	0.1	0.2
	18.3	19.5

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

	As at	
	26 March 2016	28 March 2015
	£m	£m
Sterling	83.3	84.0
Euro	11.1	12.4
US dollar	2.5	0.7
Renminbi	4.5	2.3
Zloty	0.1	0.1
	101.5	99.5

Included within the trade and other receivables balance is a bad debt provision for £6.0 million (2015: £6.3 million). There was a bad debt charge in the income statement of £0.6 million (2015: £0.5 million).

As at 26 March 2016, trade and other receivables of £31.5 million (2015: £31.0 million) were fully performing. As at 26 March 2016, trade and other receivables of £7.6 million (2015: £4.8 million) were past due but not classed as impaired.

The ageing analysis of these is as follows:

	As at	
	26 March 2016	28 March 2015
	£m	£m
Up to 2 months	5.4	4.1
2 to 6 months	1.6	0.7
Greater than 12 months	0.6	—
	7.6	4.8

As at 26 March 2016, trade and other receivables of £6.0 million (2015: £6.3 million) were impaired and fully provided for. The ageing of these receivables is as follows:

	As at	
	26 March 2016	28 March 2015
	£m	£m
Up to 2 months	0.7	—
2 to 6 months	0.2	0.4
6 to 12 months	—	2.1
>12 months	5.1	3.8
	<b>6.0</b>	<b>6.3</b>

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

	As at	
	26 March 2016	28 March 2015
	£m	£m
At start of period	6.3	6.5
Provisions for receivables impairment	0.6	0.5
Receivables written off during the period	(0.8)	(0.1)
Foreign exchange movement on provision for debts in foreign currencies	(0.1)	(0.6)
	<b>6.0</b>	<b>6.3</b>

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's 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	
	26 March 2016	28 March 2015
	£m	£m
<b>Current assets</b>		
Foreign currency contracts	23.8	24.5
	<b>23.8</b>	<b>24.5</b>
<b>Non-current asset</b>		
Foreign currency contracts	—	0.2
Currency swaps	16.3	5.2
	<b>16.3</b>	<b>5.4</b>

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. Foreign currency contracts are detailed within notes 24 and 25.

The interest rate swap agreements, currency swap agreements and foreign currency contracts are detailed within notes 24 and 25.

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

## 20. Cash and cash equivalents

	As at	
	26 March 2016	28 March 2015
	£m	£m
Cash at bank and in hand	59.9	57.5
Short—term deposits	60.9	68.3
Restricted cash	12.1	—
Blocked cash	1.6	1.3
	134.5	127.1

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short—term deposits are made for varying periods between one day and three months depending on the cash requirements of the Group, and earn interest at market short—term deposit rates. Restricted cash comprises £12.1 million (2015: £nil) held by the ESOPs which can only be utilised for the benefit of employees. Blocked cash comprises £1.6 million (2015: £1.3 million) held as guarantees over leases in mainland Europe.

## 21. Trade and other payables

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Current</b>		
Trade payables	114.6	110.8
Other taxation and social security	7.6	8.1
Other payables	1.7	1.2
Accruals	96.1	93.6
Interest accrual	23.4	21.7
Deferred income	31.5	28.8
Liability for cash—settled share based payments	0.1	1.0
	275.0	265.2
<b>Non-current</b>		
Other payables	0.1	—
Deferred income	65.6	70.1
	65.7	70.1

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 £29.1 million (2015: £27.7 million) relating to inventory.

## 22. Borrowings

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Non-current</b>		
Notes	1,207.6	—
Bonds	—	784.0
PIK debt	—	381.0
	1,207.6	1,165.0

Financial liabilities are stated net of unamortised capitalised issue costs of £20.5 million (2015: £12.2 million).

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

## 23. Derivative financial instrument liabilities

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Current liabilities</b>		
Foreign currency contracts	—	0.3
Currency swaps	2.6	—
Embedded foreign exchange derivatives	0.6	0.4
	3.2	0.7
<b>Non-current liabilities</b>		
Foreign currency contracts	—	0.1
	—	0.1

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, currency swap agreements and foreign currency contracts are detailed within notes 24 and 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 carrying values of each category of the Group's financial assets/liabilities in the Group's balance sheet, excluding short-term receivables and payables, are as follows:

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Financial assets</b>		
Cash and short-term deposits	134.5	127.1
Foreign currency contracts	23.8	24.7
Currency swaps	16.3	5.2
<b>Financial liabilities</b>		
Notes	1,207.6	—
Bonds	—	784.0
PIK debt	—	381.0
Foreign currency contracts	—	0.4
Currency swaps	2.6	—
Embedded foreign exchange derivatives	0.6	0.4

Using market prices, at 28 March 2015 the fair value of the PIK debt was approximately £21.0 million higher than the carrying value.

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

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

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

	As at	
	26 March 2016	28 March 2015
	£m	£m
Notional amount of outstanding foreign currency contracts	460.0	362.9
Notional amount of outstanding currency swaps	162.9	161.1
Notional amount of outstanding interest rate swaps and cap	—	65.8

NEW LOOK RETAIL GROUP LIMITED  
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**24. Financial instruments (continued)**

The foreign currency contracts have expiry terms of between 1 and 12 months (2015: 1 and 13 months) and have been converted from the US dollar notional amounts using the closing US dollar rate of 1.413 (2015: 1.488). The currency swap contracts have expiry terms of 27 months (2015: 2 and 38 months) and have Sterling notional amounts based on a swap contract Euro rate of 1.381 (2015: US dollar rate of 1.552). The interest rate swap contract had an expiry term of 2 months and the interest rate swap contracts were converted from the Euro notional amounts using the closing Euro rate of 1.366.

**Category**

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

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

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

	Loans and receivables £m	Derivatives used for hedging £m	Total £m
<b>Assets per balance sheet</b>			
At 28 March 2015			
Derivative financial instruments	—	29.9	29.9
Trade and other receivables (excluding prepayments)	39.8	—	39.8
Cash and short term deposits	127.1	—	127.1
	166.9	29.9	196.8

	Liabilities at fair value through income statement £m	Derivatives used for hedging £m	Other financial liabilities at amortised cost £m	Total £m
<b>Liabilities per balance sheet</b>				
At 28 March 2015				
Borrowings	—	—	1,165.0	1,165.0
Derivative financial instruments	0.4	0.4	—	0.8
Trade and other payables (excluding deferred income)	—	—	236.4	236.4
	0.4	0.4	1,401.4	1,402.2



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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 28 March 2015:

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
<b>Assets</b>				
Foreign currency contracts	—	24.7	—	24.7
Currency swap	—	5.2	—	5.2
<b>Total assets</b>	—	29.9	—	29.9
<b>Liabilities</b>				
Foreign currency contracts	—	0.4	—	0.4
Embedded foreign exchange derivatives	—	0.4	—	0.4
<b>Total liabilities</b>	—	0.8	—	0.8

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

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

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

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

#### Credit quality

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

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Trade receivables</b>		
Counterparties without external credit rating:		
Group 1	0.5	0.7
Group 2	2.9	0.3
Group 3	22.8	23.4
<b>Total trade receivables</b>	<b>26.2</b>	<b>24.4</b>

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

NEW LOOK RETAIL GROUP LIMITED  
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**24. Financial instruments (continued)**

The Group limits its exposure to financial institutions by setting credit limits based on their credit ratings and generally only dealing with counterparties with a Fitch's credit rating of at least 'A'. Group treasury monitors counterparty credit ratings closely, reviewing limits and balances immediately following counterparty downgrades. At 26 March 2016, the Group had £115.5 million of cash and cash equivalents (2015: £118.1 million) held with institutions rated 'A' or above, £3.2 million (2015: £4.4 million) held with institutions rated 'A—' and £15.8 million (2015: £4.6 million) held with institutions rated 'BBB' or unrated, with a combined credit limit of £660.0 million (2015: £660.0 million).

The Group limits its exposure with its counterparties to derivative financial instruments by generally only dealing with counterparties with a Fitch credit rating of 'A' or above. At 26 March 2016, the Group had derivative financial assets of £27.0 million (2015: £29.9 million) with counterparties rated 'A' or above, £6.9 million (2015: nil) held with institutions rated 'A—' and £6.2 million (2015: nil) held with institutions rated 'BBB'.

**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 26 March 2016	£m	£m	£m	£m
Borrowings	—	—	—	1,228.1
Trade and other payables (excluding deferred income)	243.6	0.1	—	—
At 28 March 2015	£m	£m	£m	£m
Borrowings	—	—	1,177.2	—
Trade and other payables (excluding deferred income)	236.4	—	—	—

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 26 March 2016	£m	£m	£m	£m
Forward foreign exchange contracts – cash flow hedges				
Outflow	435.6	—	—	—
Inflow	459.6	—	—	—
Currency swaps – cash flow hedges				
Outflow	10.3	10.3	165.8	—
Inflow	7.7	7.7	184.9	—
At 28 March 2015	£m	£m	£m	£m
Forward foreign exchange contracts – cash flow hedges				
Outflow	325.1	13.6	—	—
Inflow	349.9	13.5	—	—
Currency swaps – cash flow hedges				
Outflow	14.0	14.0	182.1	—
Inflow	14.1	14.1	187.3	—

**Embedded foreign exchange derivatives**

At 26 March 2016, the Group had embedded foreign exchange derivatives comprising outstanding purchase orders which are in currencies other than the functional currencies of the contracting parties. Exceptions to this are where a non-functional currency is commonly used in the country of a contracting party. The fair values of the embedded derivatives under IAS 39 are as follows:

	As at	
	26 March 2016	28 March 2015
	£m	£m
Fair value of embedded foreign exchange derivatives	(0.6)	(0.4)

## 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	
	26 March 2016	28 March 2015
	£m	£m
Fair value of hedging instruments, qualifying for hedge accounting	23.8	24.3
Fair value of hedging instruments, not qualifying for hedge accounting	—	—
	23.8	24.3

### Interest rate swaps

At 28 March 2015, the Group had entered into interest rate swap agreements of £65.9 million as partial cash flow hedges of the interest rate risk associated with the drawn down loans of the Group of £128.1 million. The Group paid fixed rates on the swap agreement of 0.305%. The interest rate swap expired in June 2015. The fair values of the interest rate swaps at 28 March 2015 were £nil.

At 26 March 2016, the Group had not entered into any interest rate swap agreements.

### Currency swaps

At 26 March 2016, the Group had currency swap agreements of £162.9 million (2015: £161.1 million) as cash flow hedges of the currency exchange risk associated with the Group's Euro floating rates notes of £328 million (2015: US dollar fixed rate notes of £161.1 million). The Group pays fixed rates on the swap agreements of between 6.233% and 6.252% (2015: 8.668% to 8.768%) with a Euro swap rate of 1.381 (2015: US dollar swap rate of 1.552). The currency swap expiry dates are June 2018. The fair values of the currency swaps are as follows:

	As at	
	26 March 2016	28 March 2015
	£m	£m
Fair value of interest rate swaps, qualifying for hedge accounting	13.7	5.2
	13.7	5.2

### Movement in fair values

	Currency swaps	Foreign exchange contracts	Embedded derivatives	Total
	£m	£m	£m	£m
Fair value at 29 March 2014	(12.7)	(16.2)	0.2	(28.7)
Fair value gain through income statement – finance	17.7	—	—	17.7
Fair value gain/(loss) through income statement – operating	—	2.5	(0.6)	1.9
Fair value gain through income statement – other	0.2	—	—	0.2
Fair value gain to reserves	—	38.0	—	38.0
Fair value at 28 March 2015	5.2	24.3	(0.4)	29.1
Fair value gain through income statement – finance	8.0	—	—	8.0
Fair value (loss)/gain through income statement – operating	(1.1)	1.6	(0.2)	0.3
Fair value gain/(loss) to reserves	1.6	(2.1)	—	(0.5)
Fair value at 26 March 2016	13.7	23.8	(0.6)	36.9

The net fair value loss (2015: gain) to reserves comprises a net £22.0 million gain (2015: net £24.3 million gain) on foreign exchange contracts recognised in equity during the period, the recycling out of equity of a £24.1 million prior period gain (2015: £13.7 million loss) on final settlement of contracts taken out in prior periods included in operating gain during the financial period and a £1.5 million loss released from equity and included in finance expense due to cancellation of US dollar currency swaps. This is in addition to the amortisation of forward points outlined below.

**25. Hedging activities (continued)**

The income statement includes £9.2 million of loss (2015: £17.7 million of gains) recognised within finance income (2015: finance expense) resulting from the US dollar cross currency derivatives, accounted for as a cash flow hedge, recycled from reserves. The income statement includes £17.6 million of gains (2015: £nil) recognised within finance expense resulting from the Euro cross currency derivatives, accounted for as a cash flow hedge, recycled from reserves. The income statement also includes £2.8 million of loss recognised within exceptional finance costs resulting from the Euro cross currency interest rate swaps, in addition to £2.4 million of gain recognised within exceptional finance income resulting from the unwinding of the US dollar cross currency derivatives on refinancing.

The income statement includes a £1.0 million loss (2015: nil) recognised within administrative expenses (2015: administrative expenses) resulting from ineffectiveness of the Euro cross currency derivatives, £1.6 million of gains (2015: £1.2 million of gains) resulting from ineffectiveness of foreign exchange contracts and £0.2 million of losses (2015: £0.6 million of losses) resulting from the fair value movement of embedded derivatives. The embedded derivatives are referred to within note 24. In addition, the income statement includes £0.1 million loss (2015: £0.2 million gain) of amortisation of the difference between the spot and forward rate relating to the final exchange on cross currency swaps which were recycled out of reserves and recognised within administrative expenses in the period.

There are no gains or losses (2015: £1.3 million gains) relating to options not qualifying for hedge accounting.

**26. Analysis of net debt**

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

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

	29 March 2014	Cash flow	Non-cash changes	28 March 2015
	£m	£m	£m	£m
Cash and cash equivalents	111.1	20.2	(4.2)	127.1
Bonds	(779.6)	—	(4.4)	(784.0)
PIK debt	(377.3)	37.6	(41.3)	(381.0)
Total net debt	(1,045.8)	57.8	(49.9)	(1,037.9)

Included in PIK debt non—cash changes is £41.3 million of deferred interest rolled over to the carrying value of the PIK loan and cash changes includes £37.6 million of PIK prepayment. Included in bonds non—cash changes are; £3.2 million amortisation of capitalised fees, a loss on the revaluation of the US dollar bonds of £17.7 million reduced by a £16.5 million gain on the revaluation of the Euro bonds. The non—cash changes in cash and cash equivalents relates to the foreign exchanges movements on foreign denominated cash.

**27. Interest rate risk and liquidity risk**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



NEW LOOK RETAIL GROUP LIMITED  
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**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 26 March 2016****Floating rate**

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

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

**Fixed rate**

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

**Period ended 28 March 2015****Floating rate**

	Within 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	More than 5 years £m	Total £m
Cash Assets	127.1	—	—	—	—	—	127.1
Bond — Euro	—	—	—	(128.1)	—	—	(128.1)
	127.1	—	—	(128.1)	—	—	(1.0)

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

**Fixed rate**

	Within 1 year £m	1–2 years £m	2–3 years £m	3–4 years £m	4–5 years £m	More than 5 years £m	Total £m
Bond – Sterling	—	—	—	(500.0)	—	—	(500.0)
Bond – US dollar	—	—	—	(168.0)	—	—	(168.0)
PIK debt	—	—	—	(381.0)	—	—	(381.0)
	—	—	—	(1,049.0)	—	—	(1,049.0)

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

The closing balance of the Euro notes was converted at a rate of 1.265. In the period ended 28 March 2015, the closing balances of the Euro and US dollar bonds were converted at rates of 1.366 and 1.488 respectively.

**Borrowing facilities**

At 26 March 2016, the Group had the following undrawn committed facilities available:

	As at	
	26 March 2016	28 March 2015
	£m	£m
Expiring within one year	5.0	5.0
Expiring in more than one year	100.0	75.0

The facilities expiring within one year are annual facilities subject to an annual review. All facilities incur commitment fees at market rates and would provide funding at floating rates. £5.0 million (2015: £5.0 million) expires within one year and is an undrawn annual facility subject to an annual review.

£100.0 million (2015: £75.0 million) is an undrawn committed multi—currency revolving credit facility and matures in more than one year. The Group's subsidiaries are party to a cross guarantee on the revolving credit facility.

In addition, the Group has arrangements in place with certain banks to provide standby letters of credit to the Group's suppliers. Letters of credit of £25.4 million (2015: £38.8 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**

	Onerous Lease provisions	Dilapidations provisions	Total
	£m	£m	£m
At 29 March 2014	14.4	0.4	14.8
Arising during the period	1.3	0.4	1.7
Utilised	(1.9)	(0.4)	(2.3)
Reversal of unused amounts	(6.1)	—	(6.1)
Transferred to disposal group	(1.0)	—	(1.0)
Exchange difference	(0.2)	—	(0.2)
At 28 March 2015	6.5	0.4	6.9
Arising during the period	5.0	—	5.0
Utilised	(1.1)	(0.4)	(1.5)
Reversal of unused amounts	(2.7)	—	(2.7)
Exchange difference	0.1	—	0.1
At 26 March 2016	7.8	—	7.8

	As at	
	26 March 2016	28 March 2015
	£m	£m
Current	1.3	2.1
Non-current	6.5	4.8
	7.8	6.9

**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.

NEW LOOK RETAIL GROUP LIMITED  
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**29. Operating lease commitments**

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

	As at	
	26 March 2016	28 March 2015
	£m	£m
Not later than one year	164.2	154.7
Later than one year and not later than five years	564.0	526.2
Later than five years	428.2	353.2
	1,156.4	1,034.1

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 £2.2 million (2015: £3.6 million).

**30. Share based payments**

As the acquisition by Brait was an exit event, all existing share schemes were exercised and settled on 25 June 2015 which resulted in a charge to the income statement of £3.3 million which is described below.

**Senior Management Scheme**

As part of the acquisition by Brait the shares held by senior management were purchased by Top Gun Bidco Limited. There was no financial impact as a result of this transaction as the senior management held these shares outright.

**The 2004 Share Scheme**

Details of the 2004 Share Scheme shares outstanding during the period are as follows:

	As at	
	26 March 2016	28 March 2015
	Number of shares 000s	Number of shares 000s
Shares in issue at the beginning of the period	3,802	4,577
Shares purchased by ESOP from senior management in the period	—	(775)
Shares purchased by Top Gun Bidco Limited	(3,802)	—
Shares in issue at the end of the period	—	3,802

The sale of the 2004 Share scheme shares resulted in a £0.2 million credit to the income statement in the period ended 26 March 2016 as a result of the release in the carried forward good leaver provision.

**2008 Share Scheme**

As part of the acquisition by Brait, the Board approved for all vesting on the 2008 scheme to be accelerated so that all shares vested and exercised in full on 25 June 2015.

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

	28 March 2015 – 26 March 2016 Number of share options 000s	29 March 2014 – 28 March 2015 Number of share options 000s
Outstanding at the beginning of the period	58,456	64,565
Granted in the period	—	—
Exercised in the period	(58,456)	—
Lapsed in the period	—	—
Forfeited in the period	—	(6,109)
Outstanding at the end of the period	—	58,456
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	—	4 months
Weighted average share price at the date of exercise (pence)	84.18p	—
Weighted average exercise price (pence)	4.0p	4.0p
Market value at period end (pence)	—	32.0p
Highest market value (pence)	84.18p	32.0p
Lowest market value (pence)	32.0p	12.0p

The exercise of the 2008 Share scheme shares resulted in a £0.2 million credit to the income statement in the period ended 26 March 2016 as a result of the release in the carried forward good leaver provision.

#### 2006 and 2014 Option Plans

As part of the acquisition by Brait, all outstanding options were exercised in full via an equity settlement with the employees receiving shares which were then sold to Top Gun Bidco Limited.

This resulted in a modification to the 2006 Option scheme accounting which was accounted for as a cash settled scheme as at 28 March 2015 as all options were vested in full and employees had the ability to cash settle prior to an exit. The acquisition by Brait modified the accounting to equity settled.

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

	28 March 2015 – 26 March 2016 Number of share options 000s	29 March 2014 – 28 March 2015 Number of share options 000s
Outstanding at the beginning of the period	1,215	1,545
Granted in the period	—	—
Exercised in the period	(1,185)	(130)
Lapsed in the period	—	—
Forfeited in the period	(30)	(200)
Outstanding at the end of the period	—	1,215
Exercisable at the end of the period	—	1,215
Weighted average remaining contractual life (months)	—	5 months
Weighted average share price at the date of exercise (pence)	84.18p	19.0p
Weighted average exercise price (pence)	13.0p	13.0p
Market value at period end (pence)	—	32.0p
Highest market value (pence)	84.18p	32.0p
Lowest market value (pence)	32.0p	12.0p

Details of the 2014 Option Plan share options outstanding during the period are as follows:

	28 March 2015 – 26 March 2016 Number of share options 000s	29 March 2014 – 28 March 2015 Number of share options 000s
Outstanding at the beginning of the period	16,755	—
Granted in the period	1,500	16,755
Exercised in the period	(18,255)	—
Lapsed in the period	—	—
Forfeited in the period	—	—
Outstanding at the end of the period	—	16,755
Exercisable at the end of the period	—	—
Weighted average remaining contractual life (months)	—	4 months
Weighted average share price at the date of exercise (pence)	84.18p	0.0p
Weighted average exercise price (pence)	18.0p	17.0p
Market value at period end (pence)	—	32.0p
Highest market value (pence)	84.18p	32.0p
Lowest market value (pence)	32.0p	12.0p

As part of the acquisition by Brait all vesting on the 2014 Options were accelerated in line with the scheme rules and all options were exercised in full.

The exercise of the 2006 and 2014 Share options resulted in a £3.7 million charge to the income statement in the period ended 26 March 2016 as a result of the acceleration of the remaining equity charge of £1.6 million plus and a net charge of £2.1 million for the cash settlement of employer's social security costs and non—UK and non—executive options.

NEW LOOK RETAIL GROUP LIMITED  
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**30. Share based payments (continued)**

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	
	26 March 2016 Number 000s	28 March 2015 Number 000s
Shares controlled by the ESOPs at the beginning of the period	56,251	65,392
Shares allocated under 2006 Option Plan	—	—
Shares allocated under 2008 Share Plan	—	—
Shares allocated under 2014 Option Plan	(1,500)	(16,755)
Share options exercised in 2006 Option Plan	—	130
Shares forfeited from 2006 Option Plan	30	200
Shares purchased from Senior Management Scheme	—	2,400
Shares sold to Senior Management	—	(2,000)
Shares purchased by the ESOPs in the period	660	6,884
Shares purchased by New Look Retail Group Limited	(2,617)	—
Shares purchased by Top Gun Bidco Limited	(52,824)	—
Shares controlled by the ESOPs at the end of the period	—	56,251

**Employee Shareholder Status (ESS) scheme**

In September 2015, key personnel in the Group were offered to participate in the ESS scheme with shares in Top Gun Bidco Limited (newly incorporated entity used as part of the Brait acquisition to acquire New Look Retail Group Limited) gifted to employees at the discretion of the Board in exchange for employees giving up certain statutory employment rights. Each management shareholder was gifted a number of D1 or D2 ordinary shares or a mixture of both share classes.

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

These shares vest over a four year period as whilst the employees receive the shares on grant date their entitlement to the value of the shares on leaving is based on a four year straight line vesting period. The shares also contain a Put option which entitles the employees to put their shares to Brait in line with the Put Option schedule with 20% vesting on 25 September 2018, excluding the Chief Executive Officer (CEO) with 15% vesting, 25% vesting on 25 September 2019 (CEO: 25%), 25% vesting on 25 September 2020 (CEO: 30%) and 30% vesting on 25 September 2021 (CEO: 30%). Upon exit all shares vest in full. The Put purchase price is equal to the value based on the Brait Published Rate (BPR) which is derived from Brait's quarterly investment value in the New Look Group. As a good leaver, employees will receive the BPR for vested shares and cost for unvested shares, whereas bad leavers only receive cost on both vested and unvested shares.

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

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

	28 March 2015 – 26 March 2016 Number of share options 000s
Outstanding at the beginning of the period	—
Granted in the period	77,500
Exercised in the period	—
Lapsed in the period	—
Forfeited in the period	(12,500)
Outstanding at the end of the period	65,000
Exercisable at the end of the period	—
Weighted average remaining contractual life (months)	51 months
Weighted average share price at the date of exercise (pence)	—
Weighted average exercise price (pence)	0.0p
Market value at period end (pence)	991.19p
Highest market value (pence)	991.19p
Lowest market value (pence)	930.09p

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

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

	As at 26 March 2016
Weighted average fair value (pence)	930.09
Weighted average share price (pence)	930.09
Exercise price (pence)	0.00
Expected volatility (%)	29.42 to 33.13
Expected life of option (years)	3.00 to 6.00
Dividend yield (%)	0.00
Risk-free interest rate (%)	0.76 to 1.30

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

The resulting equity settled charge of £6.7 million was recognised in the income statement for the period ended 26 March 2016.

#### Effect on financial statements

The effect of accounting for share based payments, in accordance with IFRS 2, on the Group's loss before taxation (2015: profit) for the periods is as follows:

	As at	
	26 March 2016	28 March 2015
	£m	£m
Equity settled share based payment schemes	10.3	0.6
Cash settled share based payment schemes	(0.3)	(3.8)
<b>Total share based payment charge/(credit)</b>	<b>10.0</b>	<b>(3.2)</b>

#### 31. Share capital

	Share capital	Share premium	Treasury shares	Total
	£m	£m	£m	£m
At 29 March 2014	10.4	0.6	(23.3)	(12.3)
Shares purchased in the period	—	—	(0.3)	(0.3)
Shares disposed of in the period	—	—	0.4	0.4
At 28 March 2015	10.4	0.6	(23.2)	(12.2)
Cancellation of shares	—	—	0.5	0.5
Shares disposed of in the period	—	—	22.7	22.7
Bonus share issue	—	787.1	—	787.1
Share capital reduction	—	(787.1)	—	(787.1)
At 26 March 2016	10.4	0.6	—	11.0



NEW LOOK RETAIL GROUP LIMITED  
NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**31. Share capital (continued)**

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

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

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

The total number of allotted, called up and fully paid Ordinary A shares is 155.0 million (2015: 157.6 million) and the total number of allotted, called up and fully paid Ordinary B shares is 879.1 million (2015: 879.1 million) as at the 26 March 2016. All shares have a par value of 1.0p.

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

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	Accumulated losses	Total
	£m	£m	£m	£m	£m	£m
At 29 March 2014	(285.3)	0.7	(13.8)	8.3	(88.9)	(379.0)
Total comprehensive income and expense for the period	—	—	38.0	(5.3)	53.0	85.7
Tax on total comprehensive income and expense for the period	—	—	(8.2)	—	—	(8.2)
Purchase of treasury shares (note 33)	—	—	—	—	0.3	0.3
Share based payment charge	—	—	—	—	0.2	0.2
At 28 March 2015	(285.3)	0.7	16.0	3.0	(35.4)	(301.0)
Total comprehensive income and expense for the period	—	—	(0.5)	4.0	(34.4)	(30.9)
Tax on total comprehensive income and expense for the period	—	—	—	0.7	—	0.7
Reclassification <sup>(1)</sup>	—	—	2.6	—	(2.6)	—
Cancellation of shares	—	0.3	—	—	(0.8)	(0.5)
Gain on disposal of shares	—	10.3	—	—	—	10.3
Share based payment charge	—	—	—	—	9.0	9.0
Bonus share issue	—	—	—	—	(787.1)	(787.1)
Share capital reduction	—	—	—	—	787.1	787.1
Dividends paid	—	—	—	—	(9.1)	(9.1)
At 26 March 2016	(285.3)	11.3	18.1	7.7	(73.3)	(321.5)

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

**Reverse acquisition reserve**

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

**ESOPs reserve**

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

**Hedging reserve**

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

**Translation reserve**

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

**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 28 March 2015, the ESOPs held 115,745,783 Ordinary A shares of 1.0p each in New Look Retail Group Limited and 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 was shown as a deduction in capital and reserves as treasury shares.

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

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

**34. Retirement benefit schemes**

The Group operates a defined contribution scheme in the UK. At 26 March 2016, £0.8 million (2015: £0.2 million) was outstanding in respect of contributions payable to personal pension schemes in the UK. The Group pension cost recognised in the income statement was £2.4 million (2015: £1.5 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 2015 by an independent actuary, using the projected unit method. The major assumptions were:

	As at
	28 March 2015
	%
Rate of increase in salaries	2.0 – 2.5
Discount rate	1.75
Price inflation	2.0

These assumptions were applied in the period ended 26 March 2016. The pension liability at 26 March 2016 was £0.4 million (2015: £0.6 million), which is included in accruals and £nil (2015: £1.7 million) was transferred to discontinued operations in the period. The pension cost recognised in the income statement from continuing operations was £0.8 million (2015: £0.7 million). During the financial period ended 26 March 2016, £nil (2015: £0.1 million credit) was recognised in other comprehensive income in relation to actuarial gains on post-employment benefit obligations.

**35. Related party transactions****ESOPs**

At the end of the financial period, the ESOPs owed New Look Retail Group Limited and its subsidiaries £nil (2015: £22.4 million).

**Franchise Agreement**

On 1 February 2012, the Group agreed a five year franchise agreement with RNA Resources Group Limited ("RNA"), a subsidiary of the Landmark Group International ("Landmark"), in which Mukesh Wadhmal Jagtiani and his wife, Renuka Mukesh Jagtiani own shares. Mukesh Jagtiani also owned 29,737,833 Ordinary B shares (2015: 29,737,833) in the Company during the financial period in the name of Quillian Investments Corporation. The Ordinary B shares were disposed of on 25 June 2015 and from this point Landmark ceased to be a related party. At 28 March 2015, a balance of £5.2 million was due from the franchisee, of which £nil was provisions.

The franchise agreement relates to the continued opening of new stores under the New Look brand in the Middle East.

In February 2012, the Group received a fee of £1.8 million in return for granting exclusivity to the New Look brand in the Middle East. In addition, the Group receives a royalty for the supply of goods based on a percentage of sales made by the franchisee.

Amortisation of the territory fee over the term of the agreement of £0.4 million (2015: £0.4 million) has been recognised through the income statement in the current financial period.

**35. Related party transactions (continued)****Transactions with franchisee**

	For the financial periods	
	52 weeks ended 28 March 2016	52 weeks ended 28 March 2015
	£m	£m
Sale of goods, handling charges and royalties	35.9	32.9
Franchise royalty income	0.4	0.4

	As at	
	26 March 2016	28 March 2015
	£m	£m
Investment in PIK loan	—	45.2

As at 28 March 2015, Landmark Group International held an investment in PIK loan of £45.2 million. On 14 May 2015, the Group prepaid an amount of the PIK loan. The amount prepaid relating to the franchisee's investment in the PIK loan was £4.7 million, including accrued interest up to 14 May 2015 of £0.1 million and a prepayment premium of £0.3 million.

On 26 June 2015, 100% of the existing PIK debt held in the Group was repaid and discharged as part of the refinancing transactions. Up to the date of the refinancing, £1.1 million of accrued interest and an early call premium of £2.5 million were rolled up into the balance of the investment. The full investment balance as at 26 June 2015 of £44.5 million was then repaid and discharged.

For further details of the refinancing transaction see note 27.

**Transactions with Directors and key management personnel**

As at 26 March 2016, there were no loans outstanding with key managers. As at 28 March 2015, there was a loan outstanding with one key manager, totalling £0.6 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 was charged at the applicable HMRC rate and was repaid in full on exercise of shares and change in control of the business.

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

As at 26 March 2016, the total of loans outstanding with Directors was £nil (2015: £0.2 million). The loans were repaid in full on sale of the shares and change of control of the business. Interest was charged on these loans at the applicable HMRC rate.

As at 26 March 2016, New Look Retailers Limited held property leases with Inception Holdings Sarl and Inception (Reading) Sarl, respectively a subsidiary and a joint venture of Tradehold Limited, a company over which two Directors have significant influence. Charges of £0.5 million have been recognised through the income statement in the current financial period for these leases.

During the period a monitoring fee of £0.1 million (2015: £0.2 million) was payable to Rianta Capital Limited, an advisory company owned by Tom Singh's family trust.

**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.

**Transactions with joint venture**

	For the financial periods	
	52 weeks ended 28 March 2016	52 weeks ended 28 March 2015
	£m	£m
Purchases from joint venture	25.2	13.5

Included within the trade receivables is a balance of £nil (2015: £nil) owed by the joint venture.

Included within trade payables is a balance of £2.1 million (2015: £2.0 million) owed to the joint venture. During the financial period ended 26 March 2016, a fee of £3.8 million was paid in settlement of the Group's outstanding obligations in respect of a service agreement with the joint venture (see note 10 for further details).

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

### 36. Investment in subsidiaries

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

Subsidiary	Registered address
New Look Finance Limited <sup>(1)</sup>	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Senior Issuer plc	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Secured Issuer plc	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Finance II Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Bondco I Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Pedalgreen Limited <sup>(1)</sup>	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Trinitybrook Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Hamperwood Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Group Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Properties Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Overseas Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers (CI) Limited	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look Holdings (France) SAS	3 rue Leon Jost, 75017, Paris, France
New Look France SAS	64 rue du Dessous des Berges, 11 rue Leredde, CS 11350, 75214 Paris Cedex 13, France
New Look Belgium SA	rue Grétry n°12 Bruxelles 1000, Belgium
New Look Holland BV	rue Grétry n°12 Bruxelles 1000, Belgium
New Look (Singapore) PTE Limited	19 Greenwich Drive # 02—01, Kerry Logistics Centre, Singapore 534021
New Look Retailers (Ireland) Limited	3 Burlington Road, Dublin 4, Republic of Ireland
New Look Germany GmbH	Wirtschaftsprüfungsgesellschaft, Ulmenstraße 22, 60325 Frankfurt am Main.
New Look Poland Sp. z o.o.	Ul. Piękna 18, 00—549 Warsaw, Poland
Cenzora Enterprises Limited	Chrisorogiatissis & Kolokotroni Street, 3040, Limassol, Cyprus
New Look Commerce (Shanghai) Co. Limited	Room 801—804 & 808, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
Weymouth Gateway Property Management Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Treasury Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT
Fashion Focus Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT
Customer Direct Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT
New Look Card Services Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT
Geometry Properties (Tonypandy) Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT

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

(2) During the financial period ended 26 March 2016, the Directors placed New Look Treasury Limited, Fashion Focus Limited, Customer Direct Limited, New Look Card Services Limited and Geometry Properties (Tonypandy) Limited, all of which were previously dormant, into liquidation as they were surplus to requirements

During the financial period ended 28 March 2015, Mim SAS, Mim Belgique and SCI Geometry Properties France were disposed of, see note 16.

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

### 37. Ultimate controlling party

As at 28 March 2015 New Look Retail Group Limited was controlled by the Apax Funds, which held 27.7%, and Permira Funds which held 27.6% of the total issued share capital of the Group.

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

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

Copies of the financial statements can be obtained from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ.

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

## Report on the parent company financial statements

### Our opinion

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

- give a true and fair view of the state of the parent company's affairs as at 26 March 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

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

- the Company Balance Sheet as at 26 March 2016;
- the Company Statement of Changes in Equity for the period then ended; and
- the Company notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

### Other matters on which we are required to report by exception

#### Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

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

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 54, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the 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.

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

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

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

### Other matter

We have reported separately on the group financial statements of New Look Retail Group Limited for the 52 week period ended 26 March 2016.

*Rosemary Shapland*

Rosemary Shapland  
**Senior Statutory Auditor**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors, Southampton  
27 May 2016

## NEW LOOK RETAIL GROUP LIMITED

### COMPANY BALANCE SHEET

		As at	
		26 March 2016	28 March 2015
	Note	£m	£m
<b>Non—current assets</b>			
Investments in subsidiaries	6	834.2	37.3
		834.2	37.3
<b>Current assets</b>			
Other receivables	7	0.7	0.0
Cash and cash equivalents		12.1	0.7
		12.8	0.7
<b>Total assets</b>		<b>847.0</b>	<b>38.0</b>
<b>Current liabilities</b>			
Other payables	8	(39.7)	(30.3)
<b>Total liabilities</b>		<b>(39.7)</b>	<b>(30.3)</b>
<b>Net assets</b>		<b>807.3</b>	<b>7.7</b>
<b>Equity</b>			
Share capital	10	10.4	10.4
Share premium		0.6	0.6
Treasury shares	11	–	(23.2)
ESOP reserve	12	11.3	0.7
Accumulated profits	13	785.0	19.2
<b>Total equity</b>		<b>807.3</b>	<b>7.7</b>

The financial statements on page 111 to 118 were approved by the Board of Directors on 27 May 2016 and were signed on its behalf by:



Anders Kristiansen  
Chief Executive Officer

New Look Retail Group Limited  
Registration number: 05810406



# NEW LOOK RETAIL GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

Attributable to the owners of New Look Retail Group Limited							
		Share capital	Share premium	Treasury shares	ESOP reserve	Accumulated profits	Total equity
	Notes	£m	£m	£m	£m	£m	£m
Balance at 29 March 2014		10.4	0.6	(23.3)	0.7	19.4	7.8
<b>Comprehensive expense</b>							
Loss for the financial period	3	—	—	—	—	(2.2)	(2.2)
<b>Total comprehensive expense</b>		—	—	—	—	(2.2)	(2.2)
<b>Transactions with owners:</b>							
Employee share option scheme:							
– value of employee services		—	—	—	—	0.2	0.2
Purchase of treasury shares	11	—	—	(0.3)	—	0.3	—
Disposal of treasury shares	11	—	—	0.4	—	—	0.4
Capital contribution		—	—	—	—	1.5	1.5
<b>Total transactions with owners</b>		—	—	0.1	—	2.0	2.1
<b>Balance at 28 March 2015</b>		<b>10.4</b>	<b>0.6</b>	<b>(23.2)</b>	<b>0.7</b>	<b>19.2</b>	<b>7.7</b>
<b>Comprehensive income and expense</b>							
Profit for the financial period	3	—	—	—	—	770.8	770.8
<b>Total comprehensive income</b>		—	—	—	—	770.8	770.8
<b>Transactions with owners:</b>							
Employee share option scheme:							
– value of employee services		—	—	—	—	2.3	2.3
– cancellation of shares	11, 12	—	—	0.5	0.3	(0.8)	—
– gain on disposal of shares	11, 12	—	—	22.7	10.3	—	33.0
Bonus share issue	10	—	787.1	—	—	(787.1)	—
Share capital reduction	10	—	(787.1)	—	—	787.1	—
Dividends paid	5	—	—	—	—	(9.1)	(9.1)
Capital contribution		—	—	—	—	2.6	2.6
<b>Total transactions with owners</b>		—	—	23.2	10.6	(5.0)	28.8
<b>Balance at 26 March 2016</b>		<b>10.4</b>	<b>0.6</b>	<b>—</b>	<b>11.3</b>	<b>785.0</b>	<b>807.3</b>

The notes on pages 113 to 118 are an integral part of these financial statements.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

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

The financial statements of New Look Retail Group Limited for the 52 weeks ended 26 March 2016 were authorised for issue by the Board of Directors on 27 May 2016 and the balance sheet was signed on the Board's behalf by Anders Kristiansen.

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

### 2. Accounting policies

The financial statements of the Company, for the financial period ended 26 March 2016, have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006. The Company has elected to prepare these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

#### Changes in accounting policy and disclosures

The Company has transitioned to FRS 101 from previously extant United Kingdom Generally Accepted Accounting Practice for all periods presented (see note 17).

#### Basis of preparation

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

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

The Company has taken advantage of the legal dispensation contained in section 408 of the Companies Act 2006 allowing it not to publish a separate profit and loss account and related notes. The Company has adopted the changes to FRS 101 published by the Financial Reporting Council to comply with the "Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015" (SI 2015/980).

The financial statements are prepared in Pound Sterling and all values are rounded to the nearest 0.1 million pounds (£0.0m).

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

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

#### 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, relevant to the financial period.

#### 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 consolidated financial statements.

#### 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.

#### Dividend distribution

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

### 3. Result of the Company

The profit (2015: loss) for the financial period dealt with in the financial statements of the Company was £770,819,076 (2015: loss £2,220,000).

The fees payable for the audit are borne by another Group company. The aggregate remuneration paid to the auditors in relation to services received by the Group is disclosed in the Group consolidated financial statements in note 7.

## NOTES TO THE COMPANY

### FINANCIAL STATEMENTS (CONTINUED)

#### 4. Staff costs

New Look Retail Group Limited had no employees during the period (2015: none).

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

#### 5. Dividends

On 16 July 2015, the Company declared and paid an intra—group dividend of £6.3 million to its new parent entity, Top Gun Bidco Limited, to pay certain parent expenses in connection with the Brait acquisition, as permitted under the indenture for the Group's borrowings.

On 30 November 2015, the Group declared and paid an intra—group dividend of £1.1 million to Top Gun Midco Limited for the same purpose (see note 16 for explanation of the insertion of this company), comprising £0.3 million for certain parent expenses in connection with the Brait acquisition and £0.8 million to repurchase shares from Management leavers.

On 23 March 2016, the Company declared and paid an intra—group dividend of £1.7 million to Top Gun Midco Limited in order for Top Gun Bidco Limited to repurchase shares from Management leavers.

#### 6. Investments in subsidiaries

	As at	
	26 March 2016	28 March 2015
	£m	£m
Cost and NBV at the start of the period	37.3	40.5
Capital contribution in respect of share based payments	1.2	(3.2)
Acquired in the period	836.2	—
Impairment	(40.5)	—
<b>Cost and NBV at the end of the period</b>	<b>834.2</b>	<b>37.3</b>

Investments represent holdings in subsidiary undertakings. Following the acquisition by Brait (see note 27 of the Group consolidated financial statements), the Group undertook a simplification of the holding structure. As part of that exercise, the Company acquired the entire share capital of New Look Finance Limited, for £836,219,374, and impaired its investment of £40,520,424 in Pedalgreen Limited to £nil.

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

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

Subsidiary	Registered address
New Look Finance Limited <sup>(1)</sup>	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Senior Issuer plc	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Secured Issuer plc	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Finance II Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Bondco I Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Pedalgreen Limited <sup>(1)</sup>	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Trinitybrook Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Hamperwood Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Group Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
Geometry Properties Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Overseas Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Retailers (CI) Limited	1st & 2nd floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey GY1 1EW
New Look Holdings (France) SAS	3 rue Leon Jost, 75017, Paris, France
New Look France SAS	64 rue du Dessous des Berges, 11 rue Leredde, CS 11350, 75214 Paris Cedex 13, France
New Look Belgium SA	rue Grétry n°12 Bruxelles 1000, Belgium
New Look Holland BV	rue Grétry n°12 Bruxelles 1000, Belgium
New Look (Singapore) PTE Limited	19 Greenwich Drive # 02—01, Kerry Logistics Centre, Singapore 534021
New Look Retailers (Ireland) Limited	3 Burlington Road, Dublin 4, Republic of Ireland
New Look Germany GmbH	Wirtschaftsprüfungsgesellschaft, Ulmenstraße 22, 60325 Frankfurt am Main.
New Look Poland Sp. z o.o.	Ul. Piękna 18, 00—549 Warsaw, Poland
Cenzora Enterprises Limited	Chrisorogiatis & Kolokotroni Street, 3040, Limassol, Cyprus
New Look Commerce (Shanghai) Co. Limited	Room 801—804 & 808, No. 150 Zun Yi Road, Office Tower C, The Place, Changning District, Shanghai, China
Weymouth Gateway Property Management Limited	Mercery Road, Weymouth, Dorset, England DT3 5HJ
New Look Treasury Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT
Fashion Focus Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT
Customer Direct Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT
New Look Card Services Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT
Geometry Properties (Tonypandy) Limited <sup>(2)</sup>	Imperial House, 18—21 Kings Park Road, Southampton, Hampshire, England SO15 2AT

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

(2) During the financial period ended 26 March 2016, the Directors placed New Look Treasury Limited, Fashion Focus Limited, Customer Direct Limited, New Look Card Services Limited and Geometry Properties (Tonypandy) Limited, all of which were previously dormant, into liquidation as they were surplus to requirements.

During the financial period ended 28 March 2015, Mim SAS, Mim Belgique and SCI Geometry Properties were disposed of, see note 16 of the Group consolidated financial statements.

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

## 7. Other receivables

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Current</b>		
Amounts owed by Group undertakings	0.7	—
	0.7	—

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

## NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

### 8. Other payables

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Current</b>		
Amounts owed to Group undertakings	39.1	27.4
Other taxation and social security	–	0.1
Corporation tax	–	0.1
Accruals	0.5	1.7
Liability for cash settled share based payments	0.1	1.0
	39.7	30.3

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

### 9. Financial commitments

The Company had no capital commitments at 26 March 2016 (2015: none).

### 10. Share capital

	As at	
	26 March 2016	28 March 2015
	£m	£m
<b>Allotted, called up and fully paid:</b>		
155,000,000 Ordinary A shares of 1p each (2015 and 2014: 157,617,228)	1.6	1.6
879,126,079 Ordinary B shares of 1p each (2015 and 2014 879,126,079)	8.8	8.8
	10.4	10.4

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

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

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

At 26 March 2016 the ESOPs held no (2015: 115,745,783) Ordinary A shares of 1.0p each in the Company and no (2015: 323,408) Ordinary B shares of 1.0p each in the Company.

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

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

### 11. Treasury shares

The initial consideration paid for ordinary shares in the Company 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 financial statements of the Company. Post the acquisition by Brait, the Director and Trustees of the ESOP1 and ESOP2 agreed to assign the remaining cash to ESOP3 and terminate ESOP1 and ESOP2.

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

At 28 March 2015, the ESOPs held 115,745,783 Ordinary A shares of 1.0p each in the Company and 323,408 Ordinary B shares of 1.0p each in the Company.

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

	As at	
	26 March 2016	28 March 2015
	£m	£m
Opening treasury shares	(23.2)	(23.3)
Cancellation of shares	0.5	—
Shares purchased in the period	—	(0.3)
Shares disposed of in the period	22.7	0.4
<b>Closing treasury shares</b>	<b>—</b>	<b>(23.2)</b>

## 12. ESOP reserve

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

	As at	
	26 March 2016	28 March 2015
	£m	£m
Opening ESOP reserve	0.7	0.7
Cancellation of shares	0.3	—
Shares disposed of in the period	10.3	—
<b>Closing ESOP reserve</b>	<b>11.3</b>	<b>0.7</b>

## 13. Accumulated profits

	As at	
	26 March 2016	28 March 2015
	£m	£m
Opening retained earnings	19.2	19.4
Profit/(Loss) for the financial period (note 3)	770.8	(2.2)
Capital contribution in respect of share based payments	2.3	0.2
Purchase of treasury shares and beneficial rights	—	0.3
Cancellation of shares	(0.8)	—
Issue of bonus shares	(787.1)	—
Share capital reduction	787.1	—
Dividends paid	(9.1)	—
Capital contribution	2.6	1.5
<b>Closing retained earnings</b>	<b>785.0</b>	<b>19.2</b>



## NOTES TO THE COMPANY

### FINANCIAL STATEMENTS (CONTINUED)

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#### 14. Contingent liability

The Company was party to a cross guarantee on the UK borrowing facilities of the New Look Retail Group Limited Group, which amounted to £75.0 million (2014: 75.0 million) undrawn committed revolving multi—currency facility as at 28 March 2015. This facility ceased on 25 June 2015.

On 25 June 2015, as part of the refinancing transactions discussed in note 27 of the Group consolidated financial statements, the Group entered into a re—negotiated multi—currency revolving credit facility (RCF) for £100.0 million to which the Company is a party to a cross guarantee. The RCF has a final termination date of 25 June 2021.

#### 15. 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 Group consolidated financial statements and transactions regarding Directors' and key management personnel share interests as disclosed in note 8 of the Group consolidated financial statements.

#### 16. Ultimate controlling party

As at 28 March 2015 the Company was the ultimate parent of the Group and was the largest and smallest group of undertakings to include these financial statements in their consolidation. The Company was controlled by the Apax Funds, which held 27.7%, and Permira Funds which held 27.6% of the total issued share capital of the Group.

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

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

Copies of these financial statements can be obtained from New Look House, Mercery Road, Weymouth, Dorset, DT3 5HJ.

#### 17. Transition to FRS 101

For all financial periods up to and including the year ended 28 March 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom Generally Accepted Accounting Practice ('old' UK GAAP). These financial statements, for the year ended 26 March 2016 are the first the Company has prepared in accordance with FRS 101, with a transition date of 24 April 2004. The parent and sole shareholder, Top Gun Midco Limited has been notified in writing of the transition. They have agreed to the transition and to the use of FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 30 March 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard. This framework addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU—adopted IFRS. The Company is a qualifying entity for the purposes of FRS 101.

In preparing these financial statements, the Company has started from an opening balance sheet as at 30 March 2014 and made those changes in accounting policies and other restatements required for first—time adoption of FRS 101. No adjustments were made by the Company in restating its balance sheet as at 30 March 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 28 March 2015.

## CONTACTS

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### Registered office

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## FORWARD—LOOKING STATEMENTS

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

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

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

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

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

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