Mosaic Fashions hf

Press Release
Reykjavik, 26 April 2007

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FY 2007 Results for the period ended 27 January 2007

Statutory[1] Sales up 43% to £585.8m – EBITDA[2] up 22% to £72.2m
Rubicon Retail Ltd acquired for £182.3m

Highlights, on a statutory basis:

- Following the acquisition of Rubicon Retail during the year, total group sales increased by 43%, to £585.8m (FY 2006: £410m).
- EBITDA, including Rubicon Retail from 13th October, was up 22% on last year to £72.2m, (FY 2006: £59.2m) representing 12% of sales.
- Profit after tax for the year was £10.7m (FY 2006: £12.6m).
- Earnings per share were 0.369p, compared to 0.491p in FY 2006.
- Equity up by £21m to £150.6m (FY 2006: £129.6m)

Highlights, on a proforma[3] basis:

- EBITDA of £92.5m in FY 2007, down 13% on last year (FY 2006: £106.3m) representing 11% of sales. Total group sales increased by 5% in the year, to £853.3m (FY 2006: £814.9m), including a 4% increase in the 4th Quarter.
    - Coast, Karen Millen, Principles, Warehouse and Whistles delivered sales growth, but there were sales declines at Oasis and Shoe Studio Group.
    - International sales[4], across all brands, were up 28%, and now represent 15% of group turnover (FY 2006: 12%).
    - e-commerce sales amounted to £7.7m, a 253% increase on the previous year.
- During the year, a net 177 new stores and concessions were opened in the UK and mainland Europe and 4 new stores were opened in the US, taking the owned portfolio to 1629 stores. 48 international franchise stores were opened, taking the franchise portfolio to 172.

There has been a slow start to 1st Quarter FY 2008, but low double digit growth in proforma EBITDA is still expected for the year as a whole.

1 Statutory basis: The Group acquired the entire issued share capital of Rubicon Retail Limited on 12 October 2006. 'Statutory Basis' financial information has been derived from the Consolidated Financial Statements and includes the post acquisition profits of Rubicon Retail Limited for the period from 13 October 2006 to 27 January 2007, together with their closing balance sheet as at 27 January 2007.

2 EBITDA stated before acquisition and integration costs of £1.3m

3 Proforma basis: The acquisition of Rubicon Retail Ltd. did not take place until October 2006. In order to provide clear and unambiguous information to investors, where indicated, figures for the current and comparative periods have been prepared as if all the businesses had been part of the group for the whole of those periods.

4 International sales comprise all own store, concession, franchise and joint venture outlets outside of the UK.

Derek Lovelock, CEO Mosaic Fashions, commented:

'The UK market was very difficult this year, and all of our brands have been affected to some extent by this. However, our strategy for long term growth by integrating new brands, expanding internationally and developing e-commerce, has progressed well.

At a more detailed level, a number of our brands performed more positively, despite the unfavourable macroeconomic influences. Coast, Karen Millen, Principles and Warehouse were stronger in the UK during the year, but Oasis, Whistles and Shoe Studio Group disappointed. We have now strengthened the Oasis and Whistles teams and both brands are showing evidence of recovery. In Shoe Studio we are working with the team on strategy and supply chain issues and remain confident of the company's potential.

Internationally the Group continues to grow strongly within new and existing markets, both through our franchise partners and through company owned stores and department store concessions. e-commerce has also outperformed, particularly in Principles and Warehouse, where after four years of on-line sales, innovative new web sites incorporating the latest technology were launched in early 2006. These are producing extraordinary growth. The Oasis website went live for the first time in September 2006, on the same platform, and is performing strongly, Following the launch of the Shoe Studio website in February 2007, we will roll out e-commerce to the remaining brands later this year.'

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CHIEF EXECUTIVE'S REVIEW

The last year has been a very exciting and challenging one for Mosaic, as the Group completed the acquisition of the Rubicon Group and began to integrate it. This has, at a stroke, doubled the Group's turnover and established Mosaic in the top echelon of UK fashion retail.

As predicted, the UK market continued to be challenging and this year's results partly reflect market conditions. Nonetheless, the past year has seen the Group make good progress in delivering its long term strategy. We have successfully completed the integration of Karen Millen and Whistles and I am delighted to report that our Distribution Centre is now operating efficiently and effectively under the leadership of its new Distribution Director. International expansion has always been a key part of our strategy, in order to reduce the group's dependency on its home market. During the year we have not only built on our existing relationships but have also taken measures to increase our global reach. In the last year Mosaic opened 71 new international outlets and now has a presence in 34 countries.

Despite the excellent international expansion, maintaining our successful base in the UK remains one of our top priorities. During the year our brands achieved further growth in the UK, opening 31 UK solus stores and expanding our concession portfolio with an additional 108 concessions opening.

During the year the Oasis management team was strengthened by the appointment of Sharon O'Connor as Managing Director. We also appointed a new Merchandising Director and Finance Director. The new senior management team have conducted a thorough review of every element of the business and are implementing a programme to reaffirm the brand's aspirational market positioning. Their enthusiasm and determination is already apparent in the new season's ranges. During the year we opened 4 solus stores and 15 concessions in the UK, mainly in new retail developments.

Coast's stellar performance continued through the first half of the year at an unprecedented rate. Inevitably as the year progressed, other fashion retailers responded to Coast's success by introducing competing ranges of occasionwear. This had the effect of slowing Coast's performance in the second half. The Coast team is focussed on defending its dominant position in the market for occasionwear through the introduction of more luxurious and desirable ranges and improved service. To support this focus we opened a separate "Coast by Appointment" floor in our Regent St flagship store. This floor caters specifically for the needs of brides looking to purchase outfits for themselves and their bridesmaids. This concept has been exceedingly well received and we anticipate opening further salons where space allows in our city centre stores. Over the year, Coast delivered a substantial increase in profits and opened 12 solus stores and 9 concessions in the UK.

Karen Millen delivered a strong all round performance. During the year the range was extended to include separate collections of glamorous jetset casualwear, confidence inducing workwear and a collection to provide the perfect "occasion" outfit. All the collections come with a complete set of accessories. Marketing and PR activities have been increased in an effort to enhance global brand awareness. Growth has been achieved both internationally and in the UK with 15 new stores and concessions opening, including a spectacular flagship in Grafton St, the premier shopping street in Dublin.

The Whistles brand has had a difficult year and one that has required significant effort from all involved to take advantage of the opportunity afforded by the growth in the contemporary fashion market. I am confident that the new team, headed by Amanda Burrows as Brand Director, will drive the brand forward, as they have a strong vision of where the brand is going and how they will build on its heritage, especially in designer knitwear. We are already rolling out a new store concept which delivers this new proposition. We have also reviewed our outlet strategy and have opened very successfully in upmarket village locations such as Chiswick and Muswell Hill in London, which has confirmed our confidence in the brand's new positioning.

The acquisition of the Rubicon brands occurred in October so it is appropriate to comment on their performance in the final quarter. Warehouse had a very strong final quarter after hitting the young fashion looks very strongly. The team is focused and the brand has continued its strong performance into the new financial year. Principles is an exciting addition to the Group, as it caters for the fashion needs of slightly older women. The brand's mission, 'making sense of fashion' gives it a clear position in the contemporary market. After a difficult Autumn, Principles had a very strong Christmas Sale and the new Spring ranges have performed well.

Shoe Studio had a difficult Autumn due to the lack of seasonal weather. This had a particularly adverse effect on sales of boots, however promotional activity ensured that closing stocks were clean, enabling us to launch the Spring range with conviction. As we learn more about Shoe Studio, we are increasingly excited about the opportunity to extend our clothing brands. The teams are already developing an inaugural range of shoes for Warehouse and early discussions are taking place for the launch of Coast shoes and Karen Millen shoes and bags, into selected department stores from Autumn 2007. In addition, together with the new management of the House of Fraser department store group, we have identified a number of prime locations on fashion floors within their store portfolio, where we will jointly launch young fashion shoe and accessories departments showcasing Bertie, Warehouse and Oasis in particular.

Both Warehouse and Principles achieved excellent results from their transactional websites in the final quarter of the year, with sales exceeding all expectations. Oasis launched its e-commerce site in September and beat its targets throughout the balance of the year. We plan to launch e-commerce sites for the remainder of our brands through the year and are confident, given the experience of our new brands in this area, that we have a significant competitive advantage in this sector.

Current Trade

The new financial year has started slowly. Coast is still suffering from a surfeit of occasionwear in the market, which has impacted our overall sales performance for the first 12 weeks of the financial year. We are generally pleased with the performance of the other brands, in particular Warehouse which continues to deliver outstanding sales in both the High Street and through e-commerce, and Whistles where there are clear indications that the brand is resurgent.

The timing of Easter and the unusual weather patterns in the UK this year have made it more difficult than usual to assess our performance at the start of the spring/summer season, but despite mixed results across our portfolio of brands, we remain confident of achieving low double digit growth in proforma EBITDA for the year.

Derek Lovelock, CEO
26 April 2007

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Proforma Basis

Income Statement

Sales were +4% in the 4th Quarter, and +5% year to date, sales performance by brand was as follows:

	4th Quarter	Full Year
Coast	+4%	+24%
Karen Millen	+17%	+18%
Oasis	+4%	-3%
Principles	+6%	+4%
Shoe Studio	-14%	-8%
Warehouse	+7%	+8%
Whistles	+16%	+3%

Gross margin for the year was down from 62.2% to 61.3%, partly due to discounting in order to clear excess stocks, following disappointing sales, and partly to the 57% increase in franchise sales, which intrinsically have a lower margin/cost structure.

Growth in distribution and administration costs for the group remains ahead of sales at +8% for the year. This reflects the impact of fixed store costs, combined with declining sales in our existing portfolio, and the full year effect of last year's new openings, together with this year's new stores and concessions.

Operating profit of £66.0m for the year was £15.5m lower than last year (FY2006: £81.5m).

EBITDA of £92.5m is £13.8m lower than in FY2006.

Statutory Basis

Income Statement

Ordinary net financing costs of £27.4m compares with £18.5m in FY2006. A further £2.8m of interest costs relate to accelerated amortization of loan costs, following the refinancing of the business, which occurred at the time of the Rubicon acquisition. In FY2006, £5.4m of exceptional finance costs related to the early repayment of a mezzanine loan at the time of the flotation, and the costs associated with the issue of the Icelandic bonds.

The tax charge of £6.5m for the year represents an effective tax rate of 38%. This has been significantly distorted by the tax impact of the granting of the warrants, which will reverse should they be exercised.

Profit after tax of £10.7m for the year compares with last year's £12.6m.

Earnings per share of 0.369p compares with 0.491p in FY2006, on a diluted basis, if the warrants were exercised, earnings per share would reduce to 0.329p.

Balance Sheet

Intangible assets have increased by £307.4m as a result of the acquisition.

Property Plant and equipment has increased by £32.5m, including £22.1m relating to the acquisition of the Rubicon companies, with the remainder due to expansion within the old Mosaic companies.

Inventories include £41.4m relating to the Rubicon companies, inventories within the old Mosaic group are actually lower than the prior year.

Trade and other receivables include £32.2m relating to the Rubicon companies, within the old Mosaic companies, the balance is broadly in line with last year.

Warrants with a fair value of £9.8m were granted to certain of the Rubicon vendors.

A completely new financing package was put in place at the time of the acquisition repaying much of the existing Mosaic and all of the Rubicon debt, and providing cash for the purchase of Rubicon. The facilities are shown net of £13.8m of deal fees, and include:

Ordinary Bank loans	£300.0m	
Mezzanine loans	£55.0m	
Vendor Loan Notes	£45.0m	(Fair value £29.9m)
Icelandic Bond	£51.9m	

The increase in deferred tax mainly arises from the intangible assets acquired in the purchase of Rubicon.

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Trade and other payables include £38.5m relating to the Rubicon companies, excluding the acquisition, payables are slightly lower than year.

Cash Flows

The cash flow statement, which has been prepared on a statutory basis, has been significantly distorted by the effects of the Rubicon acquisition.

Operating profit before changes in working capital and provisions includes the Rubicon companies since acquisition.

Working capital movements incorporate changes in Rubicon since the point of acquisition, which is historically higher than at the year end, resulting in an apparent funds inflow. In addition there has been a genuine cash inflow in the old Mosaic companies, mainly through lower inventory levels.

Financing costs paid, net of interest received, are £5.1m lower than last year. The additional costs of the new debt structure in the last quarter are partly offset by the rolled up nature of the interest on £100m of borrowings.

Capital expenditure includes the Rubicon companies since acquisition.

Rubicon Retail Ltd was acquired for £182.3m on 13th October 2006. Details of the acquisition, and changes in borrowings, are included in full in the Consolidated Financial Statements, and summarised at the end of the press release.

Store Portfolio

During the quarter, 11 new stores and 13 department store concessions were opened in the UK, mainland Europe and the USA.

There was a net increase of 9 in the number of international franchise stores.

There was a net reduction of 3 to 52 outlets in China. This is due to a timing difference between openings and closures as we enhance our department store base.

In total, following the openings this quarter, Mosaic is now represented in 34 countries, comprising 466 own stores and 1163 concessions in 8 European countries and the USA, as well as 172 franchise stores in 26 countries and 52 joint venture outlets in China.

Auditing

The financial report for the full year, which has been compiled on a Statutory basis, has been audited by the company's auditors.

Financial Calendar

Annual General Meeting 25th May 2007

Presentation of results

A presentation for shareholders and market participants will be held on Friday 27th April at 8.15 am at the Grand Hotel Reykjavik, Sigtuni 38. Derek Lovelock CEO, and Richard Glanville CFO will present the company's results and answer questions.

Further Information

For further information on the results please contact the company's Investor Relations Manager, Jessica Wilks on +44 20 7452 1122 or Gavin Anderson (Fergus Wylie/Clotilde Gros +44 207 554 1400)

Information on Mosaic Fashions hf is available on the company website at
www.mosaic-fashions.is or www.mosaic-fashions.co.uk

Mosaic Fashions hf is the parent company of eight successful design led fashion brands; Coast, Karen Millen, Oasis, Odille, Principles, Shoe Studio, Warehouse and Whistles. It operates 1853 stores and concessions, mainly in the UK and Ireland, but also in the rest of Europe and the USA. It has 172 franchise stores in 26 countries worldwide, and 52 department store concessions in China through a joint venture. The group employs over 13,000 employees. The company is listed on OMX.

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Proforma Consolidated Income Statement (abbreviated)
For the year ended 27 January 2007

£ millions

	4th Quarter		Full Year	
	2007	2006	2007	2006
	28.10-27.01	29.10-28.01	29.01-27.01	30.01-28.01
Sales	249.8	240.0	853.3	814.9
Cost of sales	-97.0	-89.3	-330.1	-308.4
Impact of fair value adjustment on acquired inventory	-	-	-	-
Total cost of sales	-97.0	-89.3	-330.1	-308.4
Gross profit	152.8	150.7	523.2	506.5
Distribution costs	-97.2	-95.0	-356.7	-340.1
Administrative expenses before acquisition and integration costs and professional charges relating to flotation	-28.2	-24.3	-99.2	-81.5
Acquisition and integration costs and professional charges relating to flotation	-1.0	-1.6	-1.3	-3.4
Total administrative expenses	-29.2	-25.9	-100.5	-84.9
Operating profit before financing costs	26.4	29.8	66.0	81.5
Share of loss of associate	-0.1	-0.2	-0.7	-0.9
Operating profit after associates	26.3	29.6	65.3	80.6
EBITDA				
Operating profit after associates	26.3	29.6	65.3	80.6
Acquisition, integration & IPO costs	1.0	1.6	1.3	3.4
Impact of fair value adjustment on acquired inventory	-	-	-	-
Depreciation and amortisation	8.7	6.5	25.9	22.3
EBITDA	36.0	37.7	92.5	106.3
Ratios				
Sales growth	4%		5%	
Operating profit growth (after associates)	-11%		-19%	
EBITDA growth	-5%		-13%	
Gross margin	61.2%	62.8%	61.3%	62.2%
EBITDA margin	14.4%	15.7%	10.8%	13.0%

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Statistical Consolidated Income Statement

For the year ended 27 January 2007

£ millions

	4th Quarter		Full Year	
	2007	2006	2007	2006
	28.10-27.01	29.10-28.01	29.01-27.01	30.01-28.01
Sales	249.8	117.3	585.8	410.0
Cost of sales	-97.0	-46.6	-229.7	-159.9
Impact of fair value adjustment on acquired inventory	-3.2	-	-3.2	-
Total cost of sales	-100.2	-46.6	-232.9	-159.9
Gross profit	149.6	70.7	352.9	250.1
Distribution costs	-97.2	-44.9	-236.1	-160.8
Administrative expenses before acquisition and integration costs and professional charges relating to flotation	-28.2	-12.5	-67.4	-42.2
Acquisition and integration costs and professional charges relating to flotation	-1.0	-1.6	-1.3	-3.4
Total administrative expenses	-29.2	-14.1	-68.7	-45.6
Operating profit before financing costs	23.2	11.7	48.1	43.7
Share of loss of associate	-0.1	-0.2	-0.7	-0.9
	23.1	11.5	47.4	42.8
Net Financing costs before refinancing	-13.1	-3.7	-27.4	-18.5
Financing costs arising from refinancing	-	-	-2.8	-5.4
Total finance costs	-13.1	-3.7	-30.2	-23.9
Profit before tax	10.0	7.8	17.2	18.9
Income tax expense	-3.5	-2.4	-6.5	-6.3
Profit after tax	6.5	5.4	10.7	12.6
Earnings per share:				
Basic earnings per share (pence)	0.224	0.198	0.369	0.491
Diluted earnings per share (pence)			0.329	0.491
EBITDA				
Operating profit after associates	23.1	11.5	47.4	42.8
Acquisition, integration & IPO costs	1.0	1.6	1.3	3.4
Impact of fair value adjustment on acquired inventory	3.2	-	3.2	-
Depreciation and amortisation	8.6	3.8	20.3	13.0
EBITDA	35.9	16.9	72.2	59.2
Ratios				
Sales growth	113%		43%	
Profit growth	20%		-15%	
EBITDA growth	112%		22%	
Gross margin	59.9%	60.3%	60.2%	61.0%
EBITDA margin	14.4%	14.4%	12.3%	14.4%

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Statutory Consolidated Balance Sheet
27 January 2007

£ millions

	27.01.2007 £ millions	28.01.2006 £ millions
Assets		
Non-current assets:		
Property, plant and equipment	83.4	50.9
Intangible assets	517.2	211.8
Investments in associates	0.4	0.3
Prepayments	6.8	3.4
Trade and other receivables	0.8	0.8
Total non-current assets	608.6	267.2
Current assets:		
Inventories	81.1	43.1
Trade and other receivables	62.8	29.7
Cash and cash equivalents	11.2	14.7
Total current assets	155.1	87.5
Total assets	763.7	354.7
Equity and liabilities		
Equity:		
Share capital	-23.5	-23.5
Warrants	-9.8	-
Share premium	-93.9	-93.9
Reserves	-23.4	-12.2
Total equity	-150.6	-129.6
Non-current liabilities:		
Long term borrowings	-422.9	-124.9
Deferred income	-13.9	-5.7
Deferred tax liabilities	-69.5	-15.3
Total non-current liabilities	-506.3	-145.9
Current liabilities:		
Short term borrowings	-1.4	-15.5
Trade and other payables	-95.4	-59.2
Deferred income	-5.8	-2.6
Income tax payable	-4.2	-1.9
Total current liabilities	-106.8	-79.2
Total liabilities	-613.1	-225.1
Total equity and liabilities	-763.7	-354.7
Ratios		
Equity ratio	20%	37%
Current ratio	1.45	1.10

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Statistical Consolidated Statement of Cash Flows

For the 52 week period ended 27 January 2007

£ millions

	4th Quarter		Full Year	
	2007	2006	2007	2006
	28.10-27.01	29.10-28.01	29.01-27.01	30.01-28.01
Cash flows from operating activities:				
Operating profit before net financing cost	23.2	11.7	48.1	43.7
Adjustments for:				
Depreciation of property, plant and equipment	6.7	3.4	17.9	12.4
Amortisation of intangible assets	1.4	0.5	2.0	0.5
Loss on disposal of property, plant and equipment	0.5	1.4	0.4	1.6
Share of loss of associates and joint ventures	-0.1	-0.2	-0.7	-0.9
Operating profit before net financing cost	31.7	16.8	67.7	57.3
(Increase) / decrease in inventories	25.1	-3.7	15.5	-14.8
Increase in trade and other receivables	1.2	-2.0	-2.7	-8.1
Increase / (decrease) in trade and other payables	-1.6	22.1	-11.7	5.5
Increase in deferred income	8.5	3.5	10.6	4.3
Cash generated by operations	64.9	36.7	79.4	44.2
Interest income received	0.8	-	2.7	0.2
Financing costs paid	-10.9	-8.7	-21.8	-24.4
Income taxes paid	-5.7	-2.8	-8.2	-6.4
Net cash provided by operating activities	49.1	25.2	52.1	13.6
Cash flows from investing activities:				
Proceeds from sale of property	-0.1	-	-	6.7
Acquisition of property, plant and equipment	-9.9	-2.8	-28.1	-21.2
Acquisition of subsidiaries, net of cash acquired	-	-	-137.4	-
Investment in associates and joint ventures	0.3	-0.2	-1.0	-1.0
Net cash used in investing activities	-9.7	-3.0	-166.5	-15.5
Cash flows from financing activities:				
Proceeds from the issue of share capital	-	-	-	44.5
Proceeds from sale of own shares	1.4	-	1.4	-
Purchase of own shares	-	-	-	-1.3
Payment of deal costs	-	-	-	-3.8
Proceeds from long term borrowings	0.1	-	353.3	-
Repayment of borrowings	-	-0.2	-241.3	-44.7
Net cash provided by financing activities	1.5	-0.2	113.4	-5.3
Net decrease in cash and cash equivalents	40.9	22.0	-1.0	-7.2
Effect of exchange rate fluctuations on cash held	-0.4	-	-2.5	-
Cash and cash equivalents at start of period	-29.3	-7.3	14.7	21.9
Cash and cash equivalents at end of period	11.2	14.7	11.2	14.7

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Consolidated Income Statement
Statutory to Proforma workings

£ millions	Statutory basis	Rubicon Pre-acquisition	Adjustments	Proforma basis	Statutory basis	Rubicon Pre-acquisition	Adjustments	Proforma basis
	For the year ended 27 January 2007				For the year ended 28 January 2006			
Sales	585.8	267.5	-	853.3	410.0	404.9	-	814.9
Cost of sales	-229.7	-104.7	4.3	-330.1	-159.9	-148.5	-	-308.4
Impact of fair value adjustment on acquired inventory	-3.2	-	3.2	-	-	-	-	-
Total cost of sales	-232.9	-104.7	7.5	-330.1	-159.9	-148.5	-	-308.4
Gross profit	352.9	162.8	7.5	523.2	250.1	256.4	-	506.5
Distribution costs	-236.1	-119.3	-1.3	-356.7	-160.8	-179.3	-	-340.1
Administrative expenses before acquisition and integration costs and professional charges relating to flotation	-67.4	-28.1	-3.7	-99.2	-42.2	-39.3	-	-81.5
Acquisition and integration costs and professional charges relating to flotation	-1.3	-	-	-1.3	-3.4	-	-	-3.4
Total administrative expenses	-68.7	-28.1	-3.7	-100.5	-45.6	-39.3	-	-84.9
Operating profit before financing costs	48.1	15.4	2.5	66.0	43.7	37.8	-	81.5
Share of loss of associate	-0.7	-	-	-0.7	-0.9	-	-	-0.9
Operating profit after associates	47.4	15.4	2.5	65.3	42.8	37.8	-	80.6
EBITDA								
Operating profit after associates	47.4	15.4	2.5	65.3	42.8	37.8	-	80.6
Acquisition, integration & IPO costs	1.3	-	-	1.3	3.4	-	-	3.4
Impact of fair value adjustment	3.2	-	-3.2	-	-	-	-	-
Depreciation and amortisation	20.3	5.4	0.2	25.9	13.0	9.3	-	22.3
EBITDA	72.2	20.8	-0.5	92.5	59.2	47.1	-	106.3

	Statutory basis	Rubicon Pre-acquisition	Adjustments	Proforma basis	Statutory basis	Rubicon Pre-acquisition	Adjustments	Proforma basis
	For the quarter ended 27 January 2007				For the quarter ended 28 January 2006			
Sales	249.8	-	-	249.8	117.3	122.7	-	240.0
Cost of sales	-97.0	-	-	-97.0	-46.6	-42.7	-	-89.3
Impact of fair value adjustment on acquired inventory	-3.2	-	3.2	-	-	-	-	-
Total cost of sales	-100.2	-	3.2	-97.0	-46.6	-42.7	-	-89.3
Gross profit	149.6	-	3.2	152.8	70.7	80.0	-	150.7
Distribution costs	-97.2	-	-	-97.2	-44.9	-50.1	-	-95.0
Administrative expenses before acquisition and integration costs and professional charges relating to flotation	-28.2	-	-	-28.2	-12.5	-11.8	-	-24.3
Acquisition and integration costs and professional charges relating to flotation	-1.0	-	-	-1.0	-1.6	-	-	-1.6
Total administrative expenses	-29.2	0	0	-29.2	-14.1	-11.8	-	-25.9
Operating profit before financing costs	23.2	-	3.2	26.4	11.7	18.1	-	29.8
Share of loss of associate	-0.1	-	-	-0.1	-0.2	-	-	-0.2
Operating profit after associates	23.1	-	3.2	26.3	11.5	18.1	-	29.6
EBITDA								
Operating profit after associates	23.1	-	3.2	26.3	11.5	18.1	-	29.6
Acquisition, integration & IPO costs	1.0	-	-	1.0	1.6	-	-	1.6
Impact of fair value adjustment	3.2	-	-3.2	-	-	-	-	-
Depreciation and amortisation	8.7	-	-	8.7	4.0	2.5	-	6.5
EBITDA	36.0	-	-0.0	36.0	17.1	20.6	-	37.7

Acquisition of subsidiary

On 12 October 2006, the Group acquired all the shares of Rubicon Retail Limited and its subsidiaries for GBP 182.3 million, satisfied by GBP 143.1 million in cash (including GBP 3.1 million of professional fees), GBP 29.4 million of vendor loan notes and GBP 9.8 million of warrants.
If the acquisition had occurred on 29 January 2006, management estimates that consolidated sales would have been GBP 853.3 million and consolidated operating profit before financing costs would have been GBP 66.0 million.

The acquisition had the following effect on the Group's assets and liabilities:

	Pre-acquisition carrying amounts	Accounting policy alignments	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	26.3	-2.5	-1.7	22.1
Intangible assets	-	-	188.3	188.3
Prepayments	-	3.3	-	3.3
Inventories	52.8	-2.5	3.2	53.5
Trade and other receivables	34.5	-3.4	-	31.1
Derivative financial assets	-	0.3	-	0.3
Cash and cash equivalents	5.7	-	-	5.7
Long term borrowings	-137.5	-	-	-137.5
Deferred tax liabilities	-	0.8	-56.5	-55.7
Trade and other payables	-43.7	-	-	-43.7
Deferred income	-	-0.8	-	-0.8
Derivative financial liabilities	-	-0.9	-	-0.9
Income tax payable	-2.5	-	-	-2.5
	-64.4	-5.7	133.3	63.2
Goodwill on acquisition				119.1
Total consideration				182.3
Less: consideration satisfied by vendor loan notes				-29.4
Less: consideration satisfied by warrants				-9.8
Consideration paid, satisfied in cash (includes professional fees of £3.1 million)				143.1
Cash acquired				-5.7
Net cash outflow				137.4