**For Immediate Release** **26 March 2014**

MOSS BROS.

GROUP PLC

**Unaudited preliminary results for the 52 weeks ended 25 January 2014**

Moss Bros Group PLC ("the Group"), the 'UK's No 1 Men's Formalwear Specialist', today announces its Preliminary Results, covering the period from 27 January 2013 to 25 January 2014.

**Financial**

- Group like-for-like* sales of £122.2m, including VAT, up 4.2% (2012/13: up 3.9%)
  - Like-for-like* retail sales up 6.4%
  - Like-for-like* hire sales down 6.4%
- E-commerce sales up 208.6%, now 5.1% of total sales
- Profit before tax was £4.4m (2012/13: £3.1m, 2012/13: Underlying*** profit before taxation £3.0m) after crediting £0.4m with respect to provisions for onerous lease (2012/13: £0.3m).
- EBITDA up 16.5% to £9.2m (2012/13: Adjusted EBITDA** £7.9m), driven by improved sales and tight control over costs.
- Underlying*** gross margin improved in H2, falling in total for the year by only 60 basis points to 59.0% despite a lower participation of the higher margin hire business in the overall sales mix.
- Strong cash balance of £28.3m (2012/13: £25.7m). Cash generated from operating activities of £9.5m (2012/13: £8.5m).
- Basic earnings per share, on continuing operations, of 3.76 pence (2012/13: 2.33 pence per share). Basic earnings per share, on continuing operations, before exceptional items, of 3.76 pence per share (2012/13: 2.52 pence per share).
- Final dividend proposed of 4.7p, total dividend for the year 5.0p, up 4.1p on the previous year (2012/13: 0.9p), a significant increase.

**Operational**

- Adoption of Moss Bros as the master brand, with a realignment of sub brands planned for Autumn 2014.
- 13 stores refitted as part of the ongoing refit plan. Performing to expectation.
- Excellent performance from new e-commerce platform, with sales up significantly.
- Strong performance over Christmas with residual stock successfully cleared.

**Current trading**

- Sales in the first eight weeks of the new financial year are up 7.3%. Like-for-like* gross profit in the eight weeks to 22 March 2014 is up 6.4% on the equivalent prior year period.
- Retail sales continue to show good growth.
- After a difficult 2013 for the wedding hire industry, early season bookings for 2014 have stabilised and the month of March has seen an upturn in bookings compared to last year. It is too early to say if this upturn will be sustained but the business is in excellent shape to build market share. The new transactional website launched in November 2013 is recording site traffic above expectations.

***Commenting on the results and outlook, Brian Brick, Chief Executive Officer, said:***

"We enter the new financial year with a strong balance sheet and a commitment to a significantly increased dividend. The ongoing cash generation of the business will support the continued investment in store refits and develop our multi-channel capability. 2014 will see an increase in marketing to support the opportunities identified in the findings of the customer insight project, conducted in 2013. We will adopt "Moss Bros" as the master brand and will launch Moss branded sub brands in Autumn 2014.

The business is on track to achieve market expectations in 2014/15."

*Like-for-like represents financial information for stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire sales are calculated on cash receipts in the period, before adjustment for the movement in the level of hire deposits held.

**Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items on continuing activities.

***Underlying represents results before exceptional items

For further information please contact:

**Moss Bros Group Plc:** **0207 447 7200**
Brian Brick, Chief Executive Officer
Robin Piggott, Finance Director and Company Secretary

**Buchanan:** **0207 466 5000**
Charles Ryland/Sophie McNulty/Gabriella Clinkard

# CHAIRMAN'S STATEMENT

I am pleased to report another year of strong progress for the Group. Building on the extensive customer research in 2013 we continued to develop and redefine both the Moss Bros master brand and the supporting sub-brands. All the collateral has been redesigned including store windows, product, advertising and point of sale. This is being rolled out across our network of stores and on-line in a managed programme. This brand driven focus has given the Executives a strong foundation from which to deliver growth in both sales and profits, across all channels, ahead of market expectations despite the challenging external environment.

Total like-for-like* sales including VAT reflected a 4.2% increase on the prior year. Profit before taxation was £4.4m, compared with a profit before taxation and exceptional items of £3.0m in the previous year. Profit before taxation, after exceptional items, was £4.4m against £3.1m in the prior year. EBITDA continued on a positive trend to £9.2m, compared with Adjusted EBITDA** of £7.9m in the previous year. Similarly, our cash position continues to be very strong and confidence in our future trading position has encouraged the Board to significantly increase the dividend from 0.9p to 5.0p per share.

Actions to improve performance have included establishing our multi-channel credentials across the UK, the launch of a new Hire website in November 2013, the development of a number of international websites for retail, expanding the product offerings such as Moss Bespoke (which is now available in 20 stores), and investing in the UK store estate (including 2 new store openings and 13 refits).

In parallel with these actions, the team continues to apply strong cash and working capital controls and the business continues debt free, with a healthy cash balance, enabling the Board to adopt a more progressive dividend policy.

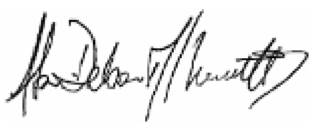
During the last 12 months, we saw another significant change to the share register, with the sale by Laura Ashley of their 10% stake. This was successfully taken up by a number of 'blue chip' investors.

We added to the strength of the executive team with the appointment of a new Commercial and Operations Director, with specific accountability for establishing and leveraging the Moss Bros brand across the business.

As announced on 14 January 2014, the Board is proposing the payment of a final dividend of 4.7 pence per share to be paid on 26 June 2014 to all shareholders on the register on the 6 June 2014 (ex dividend date 4 June 2014). It is our intention to apply a progressive dividend policy balanced against the wider investment needs of the business.

In the coming year, we will accelerate our store refit programme, and build on our multi-channel offer, in the UK and internationally. The strength of the Moss Bros brand will allow us to enhance our position as 'the UK's No.1 Men's Formalwear Specialist' and the executive team is focused on bringing further momentum to that strategy. Although we see a continuation of competitive market conditions, we are well placed to build on our credentials and to grow our market share.

Finally, we would like to thank our people for their continued hard work and contribution to another successful year.



DEBBIE HEWITT

CHAIRMAN

26 March 2014

* Like-for-like represents financial information for stores open during both the current and prior financial periods and compares 52 weeks against 52 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like–for-like Hire sales are calculated on cash receipts in the period, before adjustment for the movement in the level of hire deposits held.

**Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items on continuing activities.

# CHIEF EXECUTIVE'S REVIEW

**REVIEW OF OPERATIONS**

The Group has continued to make good progress through the year. A focus on brand development, product, operational delivery and cost control has enabled us to grow profits ahead of market expectations.

MULTI-CHANNEL PROJECT

Our previously stated project to implement a multi-channel shopping environment for our customers is nearing completion. The new Hire website, launched in November 2013, marked the introduction of a single customer database across stores and on-line, including full transaction history for customers. Our retail stores and websites will also be incorporated into multi-channel during 2014. Once completed this will enable customers to shop for retail and hire across a range of channels (in-store, PC, tablet, mobile). Once full multi-channel capability is in place, we will leverage our new single customer database using customer relationship management software tools so that we can focus customer communications on propositions that are relevant and appealing. An option for customers to receive their in store customer receipt via email will also be introduced. As well as improving customer convenience, we anticipate that this will significantly increase email collection rates and therefore associated marketing opportunities.

RETAIL

We have continued to implement operational improvements across the business, continuing our programme of streamlining the product range through stock management initiatives. These actions impacted positively on the like-for-like* sales, which were up by 6.4% on the previous year (2012/13: 4.1%). Christmas trading in particular was above expectations and year end residual stock levels were lower than in the previous year.

The gross margin performance was enhanced by consolidation into fewer suppliers and the gradual move to direct supply from the Far East.

We opened two new stores in the UK in the year, as planned, and closed five loss making stores. We are looking at a number of new store opening opportunities in the UK in the next 12 months. The Group now trades from 133 stores.

The inherent flexibility in our property estate gives us options in what we anticipate will be a fast changing retail landscape. 43% of our property leases are due for renewal within the next 36 months and the average lease length across the store portfolio is 53 months. There will be opportunities to improve terms on renewal in some cases. Unlike many high street retailers who are looking to actively reduce their store footprint, the underpinning of Hire and the demand for e-commerce 'click & collect' and 'click & return' points, together with advantageous lease deals, means there is an opportunity to expand our store footprint on a selective and cost effective basis, with good returns.

HIRE

As reported in the media 2013 was a difficult year for the wedding hire market. This may have been due, in part, to the widely reported '2013 effect' of customers avoiding an unlucky year, although there is no conclusive evidence of this.

Overall like-for-like Hire sales fell by 6.4% in the year, the first decline for a number of years. The shortfall was however confined to weddings, down 9.5%, with eveningwear, Royal Ascot and school proms up 3.2%.

We are confident our position as the leading hire brand will be maintained through the product and technology initiatives currently underway.

E-COMMERCE

Mossbros.co.uk performed very strongly, with the rate of sales growth accelerating to 209% up on the previous year. Online sales now comprise 5.1% of total sales (2012/13: 1.7%). A new retail platform was launched in January 2013, including nationwide 'click and collect,' and has seen a 50% improvement in the buying conversion rate from visitors to the site since launch. The addition of a mobile enabled website in May 2013 has had an immediate impact on enhancing our customer offer. Site traffic, conversion and retention rates are all on improving trends and the returns rate is steady at 20%. E-commerce has also proved to be a very efficient means of clearing end of lines stock with faster sell through rates and an improvement in prices achieved.

Expansion into international markets is underway with dedicated sites launched for Eire, Sweden, Denmark and Netherlands. Further territories are planned for 2014/15.

E-Commerce will play a key role in maximising the benefits to be derived from the capability to trade in a fully multi-channel environment.

SUPPLY CHAIN AND COSTS

The earlier clearance of residual stocks has allowed new seasons stock to be introduced to stores earlier, improving the customer offer and allowing much greater scope for tactical promotions.

The increase in direct sourcing of stock from the Far East has increased our exposure to foreign exchange risk which is mitigated by the adoption of hedging.

PEOPLE

Investment in staff training in the form of recruitment, induction, performance appraisal and performance management continues with a wider range of courses available and increased numbers of staff being trained. Our customer insight project confirmed that excellent customer service is vitally important to our customers, particularly given our intended implementation of a multi-channel shopping environment. We have strengthened our central operations, marketing, e-commerce and merchandising teams in 2013.

**FINANCIAL REVIEW**

The improvement across the business continued in 2013/14 with good like-for-like* sales growth and continued control over costs. Underlying*** profit before taxation and exceptional items on continuing operations was £4.4m, compared with a profit of £3.0m in the previous year, an increase of £1.4m including a net £0.4m credit in respect of provisions for onerous property lease contracts (2012/13: net £0.3m credit).

REVENUE

Despite the shortfall on Hire, overall revenue was up 4.3% (up 4.2% like-for-like*) on the previous year to £109.1m. Retail was up 6.2% (up 6.4% like-for-like*) on the previous year. As reported, Hire had a difficult year and was down 4.7% (down 6.4% like-for-like*) on the previous year.

GROSS MARGIN

Underlying*** gross margin decreased by 60 basis points in the year (59.0% vs 59.6%), due in part to the lower participation of Hire, which is higher margin, in the overall sales mix.

EARNINGS PER SHARE

Basic earnings per share, on underlying earnings (where underlying represents results before exceptional items as defined in note 1 of the Financial Statements) was 3.76 pence compared to 2.33 pence per share last year. Diluted earnings per share, on underlying earnings, was 3.53 pence compared to 2.23 pence per share last year.

Basic earnings per share on total earnings was 3.76 pence compared to 2.52 pence per share last year. Diluted earnings per share, on total earnings, was 3.53 pence compared to 2.42 pence per share last year.

DIVIDEND

As announced on 14 January 2014, given the strong progress made in 2013/14 and the ongoing cash generation the Board feels it is appropriate to propose the payment of a final dividend of 4.7p per share (2013/14: 0.7 pence) bringing the total for the year to 5.0p per share. This compares with 0.9 pence per share for the year ended 26 January 2013. The final dividend is to be be paid on 26 June 2014 to all shareholders on the register as at 6 June 2014 (ex dividend date 4 June 2014).

INVESTMENT

Total capital expenditure in the year was £6.1m (2012/13: £5.5m) and depreciation and amortisation was £4.9m (2012/13: £4.5m). This included the opening of two new stores and the refurbishment of 13 stores. The total capital expenditure included further investment in new Moss Bros Hire inventory of £1.6m (2012/13: £1.4m), whilst depreciation on hire inventory was £0.8m (2012/13: £0.9m).

CASH AND LIQUIDITY

The year end cash balance was £28.3m compared to £25.7m last year.

INVENTORY

The mix of inventory in the business was re-geared during the year to ensure sufficient inventory is available to support sales across the business and as a consequence residual stocks at the year end were £0.3m lower than the previous year.

TRADE AND OTHER PAYABLES

The terms and conditions with our suppliers are reviewed and adjusted so as to maximise the average cash balance, whilst improving the product gross margin.

**FUTURE DEVELOPMENTS**

The Board believes Moss Bros has an exciting future, with the growth of e-commerce underpinning the move to multi-channel retailing in 2014/15. The adoption of Moss Bros as the master brand, supported by complementary sub brands and introduction of carefully targeted marketing activity to maximise opportunities to grow our business amongst target customers represents a significant opportunity. The introduction of customer relationship management ("CRM") following the full implementation of multi-channel in 2014/15 and the ongoing store refurbishment programme will further enhance the customer experience and perceptions of the brand.

The customer insight project, undertaken in 2013 revealed significant potential for the Moss Bros brand. Although Moss Bros is seen as having strong heritage and suiting expertise, it is still overwhelmingly best known as a hire brand. The majority of men do not initially think of Moss Bros for suit purchase and many are unaware of the strength of our 3rd party brand offering. We have identified the key drivers of our brand and will implement a new annual brand tracking survey to monitor our progress against these critical factors.

There is clearly an opportunity to improve our profile amongst potential retail customers and we plan to develop and implement an improved marketing strategy to deliver this. "Moss Bros" is to be adopted as the master brand, in place of "Moss", and our sub brands (Ventuno, Blazer and Dehavilland) are to be re aligned, with launch planned for Autumn 2014. "Moss London" will replace Ventuno, "Moss Esq." will replace Dehavilland and "Moss 1851" will replace Blazer.

Carefully targeted marketing activities will be introduced to support this initiative.

RETAIL

As well as improving the brand positioning and product offering, the team continues the project to modernise the look and feel of core Moss Bros stores. We now have 36 'new look' stores, including new store openings, relocations or refits. The wider implementation programme is being prioritised and coordinated to coincide with lease renewals so as to secure the best possible terms before committing expenditure. We are planning 28 refits in 2014/15.

HIRE

We will continue to leverage the opportunities to grow our market share through new distribution channels including the new transactional internet site, launched in November 2013, which marked our entry into multi-channel, and which has seen traffic levels above expectations. We will also exploit new markets and the continued growth of the School Proms hire market is very encouraging. New product areas such as the Ted Baker morning suit, launched in May 2013, and continued investment in hire stock bodes well for the future.

Early season wedding bookings for 2014 have stabilised with like-for-like* sales down 1.2% (after adjusting for the Easter 2013 effect) and the month of March has seen an upturn in bookings compared to last year. It is too early to say if this upturn will be sustained but the business is in excellent shape to build market share.

Moss Hire also offers one of the most significant opportunities to develop our customer offering by leveraging the rich source of customer data, many of whom are currently unaware of, or do not consider the Moss Retail offer. We believe the opportunities for CRM, in the context of a multi-channel offer, are significant.

E-COMMERCE

We plan to further exploit growth opportunities both in the UK and overseas through building on our success and leveraging the advantages that full multi-channel capability will bring. Additional websites for overseas markets are planned.

SUPPLY CHAIN & COSTS

Our supply chain continues to be of significant importance in delivering service and efficiencies.

We anticipate central costs will increase in line with turnover in 2014/15 as we increase our investment in marketing and our multi-channel capability.

Capital expenditure for 2014/15 is estimated at £9.2m, including £5.6m for 28 store refits.

INFRASTRUCTURE

Plans are in place to upgrade our Point of Sale, Stock Control and DC systems in 2014/15. Risk has been mitigated through upgrading existing systems, rather than wholesale replacement. The upgrade is largely cost neutral with lower annual maintenance costs offsetting higher depreciation charges. The upgrade project will involve capital expenditure of £0.8m in 2014/15. Additional one off revenue costs of £0.2m will be incurred in 2014/15 and 2015/16 during the implementation period.

As well as introducing latest technology, the upgrade will improve business efficiency and customer experience

With the introduction of multichannel, growth of e-commerce and shortening of product lead times the efficiency of the Distribution Centre is central to our ability to serve our customers. The investment in IT in 2014/15 will underpin the operational efficiencies introduced in 2013 and enable further improvements to be made.

PEOPLE

We plan to maintain our focus on staff training and development with increased emphasis on improving customer satisfaction within a multi-channel environment.

**OUTLOOK**

These results reflect another period of good progress for the Company.

We continue to make good progress in the delivery of our strategic priorities. The modernisation of the store portfolio is achieving the anticipated returns and our plans for the implementation of a multi-channel shopping environment are on track. The decision to return to the master brand "Moss Bros" was supported by strong and compelling feedback from our customer insight programme and we look forward to the realignment and launch of our sub brands in Autumn 2014. This research is helping us to prioritise how best to leverage the resonance the brand has with current and potential customers of all age groups.

Hire, having had a difficult 2013 for wedding related hire, is showing some signs of some recovery and we are well placed to maximise revenues in the 2014 Wedding season. The early response to the 2014 Spring/Summer retail range is positive, with retail like-for-like* sales continuing to improve year on year as we move out of the winter clearance activity.

The Group's trading performance continues positively, in line with the Board's expectations.

BRIAN BRICK

CHIEF EXECUTIVE OFFICER
26 March 2014

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**Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items on continuing activities.

***Underlying represents results before exceptional items.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OR THE 52 WEEKS ENDED 25 JANUARY 2014

| | 52 weeks to 25 January 2014 | 52 weeks to 26 January 2013 | | |
|---|---|---|---|---|
| | Total Unaudited | Underlying* | Exceptional Items ** | Total |
| | £'000 | £'000 | £'000 | £'000 |
| **CONTINUING OPERATIONS** | | | | |
| **Revenue** | **109,141** | 104,600 | 887 | 105,487 |
| Cost of sales | **(44,714)** | (42,300) | - | (42,300) |
| **Gross profit** | **64,427** | 62,300 | 887 | 63,187 |
| Administrative expenses | **(5,575)** | (5,852) | - | (5,852) |
| Shops' selling and marketing costs | **(54,550)** | (53,716) | (756) | (54,472) |
| **Operating profit** | **4,302** | 2,732 | 131 | 2,863 |
| Other gains and losses | **2** | 2 | - | 2 |
| Investment revenues | **151** | 246 | - | 246 |
| Financial costs | **(31)** | - | - | - |
| **Profit on ordinary activities before taxation** | **4,424** | 2,980 | 131 | 3,111 |
| Taxation charge | **(844)** | (776) | 50 | (726) |
| **Profit after taxation attributable to equity holders of the parent** | **3,580** | 2,204 | 181 | 2,385 |

| | | | | |
|---|---|---|---|---|
| **OTHER COMPREHENSIVE INCOME** | | | | |
| **Cash flow hedges** | | | | |
| Change in fair value of effective portion | **(172)** | 28 | - | 28 |
| **Other comprehensive income for the year** | **(172)** | 28 | - | 28 |
| **Total comprehensive income for the year** | **3,408** | 2,232 | 181 | 2,413 |

**Earnings per share (pence)**

| | | Restated see note 4 |
|---|---|---|
| Basic - total | **3.76 p** | 2.52 p |
| Diluted - total | **3.53 p** | 2.42 p |

**Underlying* earnings per share (pence)**

| | | |
|---|---|---|
| Basic - total | **3.76 p** | 2.33 p |
| Diluted - total | **3.53 p** | 2.23 p |

* Underlying represents results before exceptional items as defined in note 3 of the Financial Statements.

** Exceptional Items for the 52 weeks to 26 January 2013 relate to the finalisation of a compulsory purchase compensation claim during the 2012/13. Further details of this can be found in Note 3.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 25 JANUARY 2014

| AUDITED<br>52 WEEKS ENDED 26 January 2013 | Share capital<br>£'000 | Share premium account<br>£'000 | Share-based payments<br>£'000 | Employee benefit trust<br>£'000 | Hedging Reserve<br>£'000 | Retained earnings<br>£'000 | Total equity<br>£'000 |
|---|---|---|---|---|---|---|---|
| BALANCE AT 28 JANUARY 2012 | 4,727 | 8,673 | 1,459 | (704) | - | 20,175 | 34,330 |
| Profit for the period | - | - | - | - | - | 2,385 | 2,385 |
| Other comprehensive income: | | | | | | | |
| Cash flow hedging movement | - | - | - | - | 28 | - | 28 |
| Total comprehensive income for the period | - | - | - | - | 28 | 2,385 | 2,413 |
| Issue of share capital / share options exercised | 238 | - | - | (238) | - | - | - |
| Dividends paid | - | - | - | - | - | (571) | (571) |
| (Debit)/ Credit to equity for equity settled share-based payments | - | - | (892) | 238 | - | 926 | 272 |
| Subscription to employee benefit trust | - | - | - | (1,121) | - | - | (1,121) |
| **BALANCE AT 26 January 2013** | **4,965** | **8,673** | **567** | **(1,825)** | **28** | **22,915** | **35,323** |

| UNAUDITED<br>52 WEEKS ENDED 25 JANUARY 2014 | Share capital<br>£'000 | Share premium account<br>£'000 | Share-based payments<br>£'000 | Employee benefit trust<br>£'000 | Hedging Reserve<br>£'000 | Retained earnings<br>£'000 | Total equity<br>£'000 |
|---|---|---|---|---|---|---|---|
| BALANCE AT 26 JANUARY 2013 | 4,965 | 8,673 | 567 | (1,825) | 28 | 22,915 | 35,323 |
| Profit for the period | - | - | - | - | - | 3,580 | 3,580 |
| Other comprehensive income: | | | | | | | |
| Cash flow hedging movement | - | - | - | - | (172) | - | (172) |
| Total comprehensive income for the period | - | - | - | - | (172) | 3,580 | 3,408 |
| Dividends paid | | | | | | (953) | (953) |
| Reclassification from accruals for equity settled share-based payments | - | - | 289 | - | - | 47 | 336 |
| Sale of shares by employee benefit trust | - | - | - | 46 | - | (46) | - |
| Credit to equity for equity settled share-based payments | - | - | 487 | - | - | - | 487 |
| Movement on deferred tax on equity settled share-based payments | - | - | 398 | - | - | - | 398 |
| **BALANCE AT 25 January 2014** | 4,965 | 8,673 | 1,741 | (1,779) | (144) | 25,543 | 38,999 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 25 JANUARY 2014

| | **25 January 2014 UNAUDITED £'000** | 26 January 2013 AUDITED £'000 |
|---|---|---|
| ASSETS | | |
| Intangible assets | **1,878** | 1,231 |
| Property, plant and equipment | **12,039** | 11,488 |
| Leasehold improvements | **821** | 883 |
| Deferred tax assets | **1,698** | 822 |
| TOTAL NON-CURRENT ASSETS | **16,436** | 14,424 |
| Inventories | **13,457** | 13,825 |
| Trade and other receivables | **4,438** | 4,666 |
| Cash and cash equivalents | **28,321** | 25,723 |
| Derivative financial instruments | **-** | 8 |
| TOTAL CURRENT ASSETS | **46,216** | 44,222 |
| TOTAL ASSETS | **62,652** | 58,646 |
| LIABILITIES | | |
| Trade and other payables | **14,372** | 14,749 |
| Provisions | **956** | 564 |
| Derivative financial instruments | **162** | - |
| Current tax liability | **2,335** | 548 |
| TOTAL CURRENT LIABILITIES | **17,825** | 15,861 |
| Other payables | **1,710** | 1,741 |
| Provisions | **2,139** | 2,619 |
| Deferred tax liabilities | **1,979** | 3,102 |
| TOTAL NON-CURRENT LIABILITIES | **5,828** | 7,462 |
| TOTAL LIABILITIES | **23,653** | 23,323 |
| NET ASSETS | **38,999** | 35,323 |
| EQUITY | | |
| Issued capital | **4,965** | 4,965 |
| Share premium account | **8,673** | 8,673 |
| Share-based payments | **1,741** | 567 |
| Employee benefit trust | **(1,779)** | (1,825) |
| Hedge Reserve | **(144)** | 28 |
| Retained earnings | **25,543** | 22,915 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT | **38,999** | 35,323 |

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 25 JANUARY 2014

| | **52 weeks to 25 January 2014 UNAUDITED £'000** | 52 weeks to 26 January 2013 AUDITED £'000 |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Profit after taxation | 3,580 | 2,385 |
| Adjustments for: | | |
| Taxation charge | 844 | 726 |
| Other gains and losses | (2) | (2) |
| Investment revenues | (151) | (246) |
| Financial costs | 31 | - |
| Amortisation of intangible assets | 670 | 579 |
| Depreciation of tangible fixed assets | 4,387 | 4,553 |
| Amortisation of compulsory purchase compensation receipt | (204) | (610) |
| Loss on sale of property, plant and equipment | 129 | 305 |
| Decrease in inventories | 368 | 260 |
| Decrease / (Increase) in receivables | 228 | (494) |
| Decrease in payables | (336) | (20) |
| (Decrease) / Increase in provisions | (88) | 932 |
| Share-based payments expense | 675 | 286 |
| Taxation paid | (659) | (120) |
| NET CASH FROM OPERATING ACTIVITIES | 9,472 | 8,534 |
| INVESTING ACTIVITIES | | |
| Interest received | 152 | 44 |
| Purchase of intangible assets | (1,317) | (752) |
| Purchase of tangible fixed assets | (4,802) | (4,760) |
| Compulsory purchase compensation receipt allocated to property, plant and equipment | - | 1,017 |
| NET CASH USED IN INVESTING ACTIVITIES | (5,967) | (4,451) |
| Dividends paid | (953) | (571) |
| Proceeds from the issue of shares | - | 238 |
| Sale of shares by / (Subscription to) employee benefit trust shares | 46 | (1,359) |
| NET CASH USED IN FINANCING ACTIVITIES | (907) | (1,692) |
| | | |
| Cash and cash equivalents at beginning of period | 25,723 | 23,332 |
| Net increase in cash and cash equivalents | 2,598 | 2,391 |
| Cash and cash equivalents at end of period | 28,321 | 25,723 |

## 1. Basis of preparation

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 25 January 2014 or 26 January 2013. The financial information for the year ended 26 January 2013 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 25 January 2014 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Group expects to publish full financial statements that comply with IFRS in April 2014.

From the Group’s perspective, there are no applicable differences between IFRS adopted for use in the European Union and IFRS as issued by the International Accounting Standards Board.

The accounting policies adopted by the Group for the 52 weeks ended 25 January 2014 in these consolidated preliminary results are consistent with those adopted by the Group in its consolidated financial statements for the 52 weeks ended 26 January 2013.

## 2. Going concern

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman’s Statement and the Chief Executive’s Business Review. The latter describes the financial position of the Group, its cash flows, liquidity position and funding, together with the Group’s objectives.

The Board of Directors has undertaken a recent thorough review of the Group’s budgets and forecasts and has produced detailed cash flow projections which take account of reasonably possible changes in trading performance. These cash flow projections show that the Group is expected to operate within the level of its current surplus cash balances.

After making enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts for the 52 weeks ended 25 January 2014.

## 3. EXCEPTIONAL ITEMS

| | 2013/14 £'000 | 2012/13 £'000 |
|---|---|---|
| **Revenue** | | |
| Receipt relating to finalisation of compulsory purchase compensation claim | **-** | 887 |
| **Shop selling and marketing costs** | | |
| Amortisation of compulsory purchase compensation receipt | **-** | 610 |
| Provision for onerous property lease contracts | **-** | (1,366) |
| **TOTAL EXCEPTIONAL ITEMS** | **-** | 131 |
| **Total taxation credit on exceptional items** | **-** | 50 |

During 2012/13 compulsory purchase compensation of £1,904,000 was received from the London Development Agency (LDA) resulting from the finalisation of a compulsory purchase compensation claim made in 2007 on the Group's former distribution centre following the successful London Olympics bid. £887,000 of this amount related to revenue and £1,017,000 related to fixed assets. Of the £1,017,000 which related to fixed assets, £610,000 was recognised in 2012/13 as an exceptional item representing six years accumulated depreciation and £407,000 was deferred into future years to be released over the useful economic lives of the relevant replacement assets. This ongoing annual release has not been treated as an exceptional item in 2013/14 but netted off the annual depreciation charge for the replacement assets.

In 2012/13 an additional provision for onerous property lease contracts was made under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' of £1,366,000 in respect of two loss-making stores as they met Management's definition of exceptional items due to their individual size and nature. The additional provision represented the net present value of additional projected losses for each store, until the end of lease. There was no such additional provision during 2013/14.

* Underlying represents results before exceptional items.

## 4. Earnings per share

Basic earnings per ordinary share is based on the weighted average of 95,135,614 (2012/13: 94,657,166) ordinary shares in issue during the period after deducting for shares held by the Employee Benefit Trust and are calculated by reference to the profit attributable to shareholders of £3,580,000 (2012/13: profit of £2,385,000).

Underlying* earnings per ordinary share is based on the weighted average of 95,135,614 (2012/13: 94,657,166) ordinary shares in issue during the period after deducting for shares held by the Employee Benefit Trust and are calculated by reference to the profit attributable to shareholders of £3,580,000 (2012/13: profit of £2,204,000).

Diluted earnings per ordinary share is based upon the weighted average of 101,294,098 (2012/13: 98,685,928) ordinary shares after deducting for shares held by the Employee Benefit Trust, which include the effects of shares under SAYE, LTIP and Deferred Bonus Shares of 6,318,052, that were anti-dilutive for the period presented and could dilute earnings per share in the future and are calculated by reference to the profit attributable to shareholders as stated above.

| **Basic earnings per share** | **2013/14 pence** | Restated** 2012/13 Pence |
|---|---|---|
| Continuing operations | **3.76** | 2.52 |
| Exceptionals (net of tax) | **-** | (0.19) |
| **Underlying* basic earnings per share** | **3.76** | 2.33 |

| **Diluted earnings per share** | **2013/14 Pence** | Restated** 2012/13 Pence |
|---|---|---|
| Continuing operations | **3.53** | 2.42 |
| Exceptionals (net of tax) | **-** | (0.19) |
| **Underlying* diluted earnings per share** | **3.53** | 2.23 |

* Underlying represents results before exceptional items.

** Restated to deduct shares held by the Employee Benefit Trust from the total number of shares in issue for the purposes of calculating Basic earnings per share and Diluted earnings per share.

## 5. Revenue and operating segments

Revenue

Revenue comprises sales to third parties (excluding VAT) and is derived from the retail sale and hire of clothing and ancillary goods. Revenue is recognised on exchange of goods. The exchange of goods occurs when the hire clothing and other goods are collected for use by the customer. At this point it is deemed that all risks and rewards have been transferred. Hire and Bespoke deposits are held within deferred revenue until this date. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Operating Segments

The majority of the Company's turnover arose in the United Kingdom, with the exception of two stores in Ireland.

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer to allocate resources to the segments and to assess their performance.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the split between Mainstream Retail, Bespoke and Hire. Given the similarities between Mainstream Retail and Bespoke, they meet the aggregation criteria under IFRS 8, therefore are both reported under Retail.

Information regarding the Group's operating segments is reported below.

The following is an analysis of the Group's revenue and gross profit in the current and prior period.

KEY FINANCIALS

| | | Underlying* |
|---|---|---|
| | **52 weeks to** | 52 weeks to |
| | **25 January** | 26 January |
| **CONTINUING OPERATIONS** | **2014** | 2013 |
| | **£'000** | £'000 |
| Revenue | | |
| Retail | **92,021** | 86,633 |
| Hire | **17,120** | 17,967 |
| Total revenue | **109,141** | 104,600 |
| Gross profit | | |
| Retail | **49,930** | 47,245 |
| Hire | **14,497** | 15,055 |
| Total gross profit | **64,427** | 62,300 |
| Administrative expenses | **(5,575)** | (5,852) |
| Shops' selling and marketing costs | **(54,550)** | (53,716) |
| Operating profit | **4,302** | 2,732 |
| Other gains and losses | **2** | 2 |
| Investment revenues | **151** | 246 |
| Financial costs | **(31)** | - |
| Profit before taxation | **4,424** | 2,980 |

The accounting policies for the reportable segments are the same as the Group's accounting policies described in note 1.

Only revenue and gross profit have been reported for the Group's business segments; Retail and Hire, as the main operating costs, being property, related overheads and staff, cannot be separately identified as they both use the same stores and hence operating profit is not reported to the Chief Executive Officer split by Retail and Hire. Revenue and gross profit are the measures reported to the Chief Executive Officer for the purpose of resource allocation and assessment of segmental performance.

On the same basis, assets cannot be allocated between Retail and Hire, and are not reported to the Chief Executive Officer separately.

* Underlying represents results before exceptional items.

## 6. Taxation

Corporation tax is calculated at blended rate 23.16% (2012/13: 24.3%) of the profit chargeable to taxation for the year.

| TAXATION RECOGNISED IN THE INCOME STATEMENT IS AS FOLLOWS: | **2013/14** | 2012/13 |
|---|---|---|
| GROUP - CONTINUING OPERATIONS | **£'000** | £'000 |
| Current tax charge | | |
| Current period | **1,671** | 576 |
| Adjustment for prior periods | **775** | (31) |
| | **2,446** | 545 |
| Deferred tax (credit) / charge | | |
| Current period | **(802)** | 67 |
| Adjustment for prior periods | **(503)** | 271 |
| Effect of change in tax rate on opening deferred tax balances | **(297)** | (157) |
| | **(1,602)** | 181 |
| Total taxation charge in the income statement | **844** | 726 |

| FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD | **2013/14** | 2012/13 |
|---|---|---|
| GROUP - CONTINUING OPERATIONS | **£'000** | £'000 |
| Profit on ordinary activities before tax | **4,424** | 3,111 |
| Profit before tax multiplied by rate of corporation tax in the UK of 23.16% (2012/13: 24.3%) | **1,025** | 756 |
| Items not deductible for tax purposes | **53** | 73 |
| Depreciation on assets not qualifying for capital allowances | **112** | 202 |
| Adjustment in respect of prior period | **272** | 240 |
| Deferred tax credited on share based payments | **(660)** | (342) |
| Deferred tax charged/(credited) directly to equity | **398** | (14) |
| Deferred tax benefit from previously unrecognised temporary differences | **(322)** | - |
| Effect of change in tax rate | **(34)** | (189) |
| Taxation charge for the period | **844** | 726 |