MOSS BROS GROUP PLC

Preliminary results for the 52 weeks ended 29 January 2011

Moss Bros Group PLC ("the Group"), the UK's No 1 Branded Suit Specialist, is today announcing its Preliminary Results, covering the period from 31 January 2010 to 29 January 2011.

The Group's trading performance remains in line with the Board's expectations and is on course to deliver the anticipated levels of continued growth.

HEADLINES

Financial

- Group like for like** VAT inclusive sales up 9.1% (2009/10: -0.4%)
  - Retail sales - like for like ** sales up 8.9%
  - Hire sales - like for like ** sales up 10.9%
- EBITDA * before exceptional items of £3.8m (2009/10: £3.2m)
- Pre-tax loss before exceptional items reduced to £(2.7)m (2009/10: £(3.9)m)
- Total loss before taxation and after exceptional items £(7.5)m (2009/10: £(6.6)m)
- Total gross margin up 0.3 percentage points to 55.4% (2009/10: 55.1%) against a fall of 0.5 percentage points in first half
- Total net inventory at £18.9m (2009/10: £16.9m), reflecting higher current season inventories and improved sales
- Cash balance of £6.9m (2009/10: £6.3m). Net cash inflow £0.6m (2009/10: £1.8m outflow)
- Consistent with last year and in line with the Board's policy, no final dividend is being proposed

Operational

- All areas of the business have seen growth with the Hire business achieving its highest ever sales
- The appointment of the Group Finance Director successfully concludes the restructuring of the Executive management team
- The fundamental review of how best to leverage the potential of all brands across the Group's fascias has now been completed with the post year end disposal of Hugo Boss Franchise Business for a consideration of £16.5m, approved by shareholders on 3 March 2011
- The cost review implemented in the second half has resulted in an annualised saving of £3.0m on overheads
- The new Moss Bespoke concept has been piloted and the opportunity identified to take the core Moss brand into new segments and a more premium position through a 'shop within a shop' model in the larger Moss stores
- The planning phase to modernise the look and feel of the core Moss stores is nearing completion and the first new concept store is planned to open in May 2011 at Canary Wharf

Current trading

- In spite of tougher like for like ** comparators, trading continues to be encouraging. Like for like ** sales in the first eight weeks of the new financial year have continued to improve on 2010/11, ahead 7.8%; with like for like ** gross profit ahead 8.4%

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

"We have made good progress on all of the operational priorities we set out at the beginning of the year and this has had a very positive impact on trading, despite the difficult trading environment last year. We continue to build clear strategic goals, an effective management team and a track record of delivering. Current trading reflects strong like for like ** growth and our continued focus on the operational priorities, with the support of our strong balance sheet, gives me great confidence that we will fully achieve the potential for this business."

*EBITDA is earnings before interest, taxation, depreciation, amortisation and before exceptional items

	52 weeks ended 29 January 2011 £m	52 weeks ended 30 January 2010 £m
Loss before taxation	(7.5)	(6.6)
Net interest	-	-
Depreciation and amortisation of non-current assets	6.5	7.1
Exceptional items	4.8	2.7
EBITDA before exceptional items	3.8	3.2

**Like for like represents financial information for stores open throughout the current and prior financial periods and compares 52 weeks against 52 weeks.

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Charles Ryland/Nicola Cronk/Gabriella Clinkard

CHAIRMAN'S STATEMENT

I am pleased to report that the Group achieved total revenue of £136.4m, a 6.0% increase on the prior year. The financial result, as expected was a significantly reduced loss before taxation and exceptional items of £(2.7)m compared with a loss of £(3.9)m in the previous year. The loss before taxation, after exceptional items, was £(7.5)m against £(6.6)m in the prior year. Adjusted EBITDA (earnings before interest, taxation, depreciation, amortisation and exceptional items) continued on a positive trend to £3.8m, compared with £3.2m in the previous year. This strong performance was achieved in the context of a tough trading environment, where many competitors struggled to grow.

There is no question that it has been a transformational year for the Group. In spite of the tough trading environment, the Executive team has continued to make progress on the journey back to profitability, through execution of a clear set of operational priorities. Their actions have led to a considerable improvement in sales, growth in margins and a substantial reduction in the cost base of the business.

We have also laid the foundations for the next phase of the strategic plan, with the objective of leveraging the value of the Moss brand and our position as 'the No.1 Branded Suit Specialist'. The decision to dispose of our 15 Hugo Boss franchises to Hugo Boss for £16.5m approved by shareholders on 3 March 2011, will release both people and financial resources to focus on the development of the core Moss business. Furthermore, investment and innovation in new products like Moss Bespoke have brought momentum to the rehabilitation of the Moss brand, with the associated PR creating interest and footfall from a new segment of customers.

In parallel with these actions, the team has continued to show diligent cash and working capital control and the business will enter this new financial year debt free, with a strong cash balance.

During the last 12 months, we progressed the restructuring of the Board with the welcomed appointments of Robin Piggott in June as Group Finance Director, and Maurice Helfgott in October as Senior Independent Non-Executive Director. They have collectively added a wealth of experience in retail, property, e-commerce and brand management.

Throughout the year, our people have continued to show a combination of hard work, passion and commitment and on behalf of the Board I would like to thank them for their contribution.

In line with our stated policy the Board is not proposing a dividend this year, as in 2009/10. The Board believes it is prudent to continue to conserve cash in the current economic environment, though we will continue to review our position on this.

There is no doubt that the transformational changes in 2010/11 and subsequently have created the resources to develop and deliver a clear and compelling strategy which leverages the full potential of the Moss brand and our clear position as 'the No.1 Branded Suit Specialist'. Early signs of progress are reflected in the strong start to this financial year and whilst economic conditions in the UK are expected to remain challenging, we are well placed to continue the drive to profitability and to fully leverage the potential of the Moss brand.

Debbie Hewitt
Chairman
30 March 2011

BUSINESS REVIEW
OVERVIEW

Moss Bros Group PLC ("the Group") retails and hires formal wear and fashion products for men, predominantly in the UK. The Group retails menswear through the Moss fascia and hire of formal wear under the Moss Bros Hire brand through its mainstream stores. The Group also trades through the Savoy Taylors Guild, Hugo Boss and Cecil Gee fascias.

The Group has made significant progress this year, despite continued turbulent trading conditions. A strong focus on product and range management, operational delivery and cost control have combined to grow like for like ** sales and decrease significantly the level of trading losses.

RESULTS and KEY ACTIVITIES

In the 52 weeks ended 29 January 2011, total like for like ** sales increased by 9.1% (2009/10: down by 0.4%), and gross margin improved to 55.4%, an increase of 0.3 percentage points. The increases in sales and margin were driven by improvements in the average transaction value, units per transaction and average selling price, together with more effective management of discounting. The loss before taxation and before exceptional items of £(2.7)m, compared with a loss of £(3.9)m in the previous year. Adjusted EBITDA before exceptional items improved to £3.8m (2009/10 £3.2m).

The second half of the year saw the completion of a radical cost review, and operating costs will reduce by £3.0m on an annualised basis as a result. Inventory was also tightly controlled.

As at 29 January 2011, the Group had cash balances of £6.9 million (2009/10: £6.3 million).

In addition to a number of operational improvements, further progress was made on the strategic agenda of leveraging the Moss brand. The sale of the Hugo Boss franchise is a critical development which will release resources to invest in the core estate, as well as removing the potential liability of a number of potentially onerous leases which did not run coterminously with the individual franchise agreements.

We enter the new financial year debt-free and well positioned to invest in areas of the business that will best sustain the momentum of our recovery to profit. The strong balance sheet gives us the flexibility to develop key areas of the business such as e-commerce, which to date have not yet benefited from any significant investment.

REVIEW OF OPERATIONS

MAINSTREAM RETAIL

There are 98 Moss and Savoy Taylors Guild branded stores (2009/10: 97) and 33 outlet stores (2009/10: 32), all of which trade Moss own brands of Ventuno, De Havilland, Blazer and Savoy Taylors Guild. The Moss and Savoy Tailors Guild stores also stock selected third party guest brands including Hugo Boss, Ted Baker and French Connection. The vast majority of the stores also have a Moss Bros Hire outlet within them.

We have continued to implement detailed operational and performance reviews of all stores. This has resulted in a streamlining of the product range, a comprehensive programme of store profiling and associated inventory control measures. These actions impacted positively on the like for like ** sales for Mainstream Retail, which were up by 10.7% on 2009/10, on improved gross margins. The margin performance was enhanced by consolidation into fewer suppliers and focus on key guest brands which included Ted Baker and French Connection.

The number of loss making stores significantly reduced during the year and we have taken a provision against 13 stores which are expected to remain loss making for the remainder of the lease term, the average term of which is 2.6 years. We also took advantage of the opportunity created by a key competitor going into administration and moved quickly to acquire eight stores on a temporary basis just prior to the Christmas trading period, all of which made a positive contribution. Subject to successfully concluding negotiations with landlords it is hoped a number of these will continue to trade on an ongoing basis.

In parallel with operational improvements, we have researched the perception and value of the Moss brand, its positioning with current and potential customers and the overall perceived value of the offering. It is clear that the brand has tremendous heritage, but that there is significant opportunity to promote it to both younger and to more affluent customers, who are looking for choice, value for money and confidence in their choice of style. We are uniquely placed to provide this and have a clear aspiration to further build on our position as 'the UK's No. 1 branded suit specialist' on the high street. Our sales promotion activities increasingly reflect this aspiration, with a premium product positioning and the use of visual merchandising to simplify the process of buying a suit and also encourage the purchase of accessories such as shirts, ties and shoes.

Innovation in our product offering has also taken the brand into new segments and a more premium position. The new Moss Bespoke concept is a good example of leveraging our core capability in suits into a new and growing segment of high quality, affordable, bespoke suits for a more mass market. The pilot has successfully demonstrated that this and similar offerings are important to the rehabilitation and development of the Moss brand. Not only does it add 'theatre' to the Moss offering, it also enhances our reputation for quality and value for money and provides an opportunity to improve the footfall and sales densities in our larger stores. The flagship Moss Bespoke store in Blomfield Street, London, is in an ideal position in the City to showcase and pilot the development of this and other suit offerings and as a result of lessons learnt, we intend to open a further six 'store within store' Moss Bespoke outlets in other core Moss Retail Stores during 2011/12, standing alongside our retail and hire offering.

As well as improving the brand positioning and the product offering, the team is well underway with the planning phase of a project to modernise the look and feel of the core Moss stores and our first 'new look' store will open in Canary Wharf in late May 2011. There will be extensive piloting of this store layout, to ensure the look and fit can be adapted to meet the various store profiles which exist across the Group. Any wider implementation programme will be prioritised and phased to reflect an acceptable level of payback. Because of the extent of the under investment of some of the core estate, some of which has not had basic maintenance and improvements for a number of years, we will carefully balance the new refit with a care and maintenance programme to bring all of the estate up to at least a basic minimum level of presentation.
We have already seen recognition for some of this care and maintenance spend with the award of a West End Association 'Glammy' for best Menswear store in Oxford Street in 2010.

HIRE

Moss Bros Hire is the market leader in the UK hire market and the number one recognised name for hire. We have 125 Moss Bros Hire outlets (2009/10: 124), all contained within core Moss Retail, Savoy Taylors Guild and Cecil Gee Stores.

Market share increased in 2010/11, in spite of the fact that the hire market in general continued to contract due to the material drop in the corporate hire market for both black tie and morning suit events. Like for like ** sales recorded an increase of 10.9%. The demise of a major competitor reinforced the considerable strength of our nationwide offering and the quality of our service.

Our new Hire supply chain infrastructure is now very successfully embedded into the business and we are seeing improvements in the accuracy and speed of allocation and the distribution of orders.

Looking forward, there are further opportunities to leverage pricing and to grow our market share through the consideration of new opportunities such as the School Prom hire market, new distribution channels and the introduction of a new interactive internet site, with the ultimate aim of order and re-order on-line.

Moss Bros Hire also offers one of the most significant opportunities to develop our retail offering by leveraging the rich source of customer data that comes from its customers, many of whom are unaware of, or do not consider the Moss Retail offer.

FASHION

Cecil Gee

We operate 9 Cecil Gee branded stores, (2009/10: 10), which concentrate on a number of key brands including Hugo Boss, Ralph Lauren and Diesel, with other high fashion brands relevant to each store's size and location. As the independent sector finds it increasingly hard to survive in a highly competitive market place, the Cecil Gee performance in 2010/11 proved resilient with a like for like ** sales increase of 6.4%.

Going forward we will focus our activity in Cecil Gee on the key brands where we can leverage the value of our scale.

Hugo Boss

The Group operated 15 Hugo Boss stores in the UK (2009/10: 16). In line with our franchise agreements, we opened a new store in Bond Street and relocated our Manchester store during the year. Like for like ** sales increased by 6.1%.

In February 2011, we announced our intention to dispose of our Hugo Boss stores to Hugo Boss for a potential consideration of £16.5m. The transaction was approved by the Group's shareholders on 3 March 2011 and will complete on 1 April 2011. The transaction will release both people and financial resources to focus on the development of the core Moss business, though we will continue to sell the Hugo Boss product through our Moss Retail, Cecil Gee and Savoy Taylors Guild stores.

INTERNET SHOPPING

Moss.co.uk progressed well in the year, with sales sharply up on the previous year, albeit from a low base. There is significant opportunity to grow this channel and we will focus our effort in the future on the improving the functionality of the site and in developing a truly multi-channel business.

In the longer term, the bigger opportunity is the introduction of a more comprehensive and fully integrated CRM programme, specifically in linking the Moss Bros Hire customer to the Moss Retail offering.

COSTS

With the recovery in sales established, a comprehensive review of the cost base was undertaken in the second half of the year, with the project delivering an annualised reduction in costs of £3.0m. Not only has this reduced costs, it has also allowed us to simplify the business.

SUPPLY CHAIN

The buying team is continually assessing supplier performance, to ensure the most commercially beneficial results for the Group. Over the last few years, we have shifted the emphasis of our product supply from mainland Europe into China and achieved a better buying margin as a result, whilst also improving the quality of our products. The timely ordering of inventory has allowed for much greater scope for tactical promotions.

We continue to monitor the impact of the increase in VAT to 20% on retail prices, as well as inflation in the price of cotton. We anticipate that retail prices will increase in 2011/12.

DISTRIBUTION CENTRE

The efficiency of the Group's distribution centre has freed up further capacity to allow for greater volumes. This has enabled the business to consider taking on third party product on an outsourcing basis to leverage off the existing cost base. With the loss of the Hugo Boss volumes in the coming year, the business will continue to explore the best options to meet this change in volume, whilst ensuring we continue to service the growth in our core Moss business and our customers.

PEOPLE

With the need for talented and committed people across all areas of the Group, this means a continuing focus on effective recruitment, induction, performance management and training.

The addition of a new Store Operations Director, a Head of HR and a Property expert during the year has added to the talent pool of the Company. In addition, the Board has been further strengthened by the appointment of Robin Piggott as Group Finance Director and Maurice Helfgott as Senior Independent Director, the latter of which means we now satisfy the Corporate Governance requirement for independent Non-Executive Directors.

PRINCIPAL RISKS AND UNCERTAINTIES

Cash and Funding

Cash balances are managed and monitored on a daily basis; the peaks and troughs in the cash cycle are well known through experience and appropriate cash management takes place to limit the use of existing banking facilities. The additional cash created by the sale of the Hugo Boss franchises to Hugo Boss has created the potential for the business to dispense with the need for a debt facility and we enter 2011/12 debt free.

Inventory and Continuity of Supply

Demand forecasting, inventory ordering and inventory intake are aligned to maximising sales and the cash management focus discussed above. The placing of all orders is subject to product demand forecasting models and ongoing rates of sale of all product lines.

The consolidation of product buying into fewer suppliers creates sufficient scale to mitigate the risk of the suppliers going out of business in the short to medium term. Negotiations take place regularly with key suppliers regarding rate and payment terms. Proactive dialogue is maintained with supplier credit insurers to good effect to ensure they have the relevant and most current information on which to base their insurance levels.

The recent increase in cotton prices could be considered a risk factor for the Group. Management have mitigated this risk as a significant proportion of inventory prices have been agreed with the suppliers for the 2011/12 financial year.

Property

The business operates from a portfolio of high street, shopping centre and factory outlet stores all held under operating leases. Each store is evaluated annually to assess its ongoing commercial viability. There are a number of locations in the UK and Southern Ireland which would suit one of the businesses' fascias and the Group has recently increased its in-house resource in this area in order that opportunities for the development of its store portfolio are maximised. All potential sites are rigorously evaluated both operationally and financially before new lease acquisitions are made.

Staff Hiring and Retention

Attracting and retaining high calibre staff is a priority and a central focus in striving for excellent customer service across the Group's business channels. Staff development is to be improved so that the Group can take full advantage of the recovery in its performance.

FINANCIAL REVIEW

TRADING RESULTS	2010/11	2009/10
Revenue v last year (like for like **)	+9.1%	-0.4%
% Gross margin	55.4%	55.1%
% Gross margin v last year	+0.3%	+1.8%
EBITDA before exceptional items	£3.8m	£3.2m
Underlying loss before taxation and exceptional items	£(2.7)m	£(3.9)m
Loss before taxation	£(7.5)m	£(6.6)m

**Like for like represents financial information for stores open throughout the current and prior financial periods and compares 52 weeks against 52 weeks.

The improvement across the business that started in the second half of 2009/10 gained momentum in 2010/11 with strong like for like ** sales growth and continued margin improvement. Gross margins improved despite the increase in VAT rates in January 2010 and 2011.

REVENUE

As stated in note 1 to the accounts, the Consolidated Group Statement of Comprehensive Income for the 52 weeks ended 30 January 2010 and the Consolidated Statements of Financial Position as at 30 January 2010 and 31 January 2009 have been restated to recognise deferred revenue in respect of Hire sales.

The deferred revenue relates to deposits received from customers prior to the year end but where the related hire suits were not collected for use until after the year end. Previously, the deposits were recorded as revenue when received from the customers and not when the hire was made, which was inconsistent with the Company's stated policy. The adjustments represent a net increase in revenue and profit before taxation in the year ended 30 January 2010 of £0.01m. Deferred revenue in respect of hire deposits, held on the balance sheet at 29 January 2011 was £1.6m (30 January 2010: £1.5m).

The operational improvements increased the overall results for the period; however these were expected to be better but were impacted by the snow in early December. The core Moss Retail and Hire businesses including Outlets were the strongest performers with like for like ** sales up 10.7% and 10.9% respectively, with fashion fascias up a creditable 6.2%.

GROSS MARGIN

Gross margin has increased 0.3 percentage points, building on increases achieved in 2009/10, despite the increases in VAT from 15%, to 17.5% and to 20%. This was despite considerable promotional pressure from our competitors who sacrificed gross margin to attract sales. The ongoing exercise to consolidate volume into a smaller number of suppliers and attain a better unit purchase price has enabled tactical promotions to attract new and retain existing customers.

The seasonal mix of inventory held across the year has also resulted in the need for less discounting which in turn has lifted the overall gross margin achieved and the business has used its strong average daily cash balance to pay suppliers earlier than normal to attract lower unit costs.

PRE EXCEPTIONAL OPERATING COSTS

A renewed focus on cost control in the business mitigated cost increases in the second half of the year. Administrative expenses, shops' selling and marketing costs ("operating costs") increased by 7.4% in the first half but by only 1.7% in the second half, giving an increase for the period of 4.5%.

The comprehensive review of the business announced in September 2010 has been completed and like for like ** operating costs are planned to reduce by £3.0m per year in the 2011/12 financial year. The cost reductions have been derived from efficiencies at head office, the distribution centre and in stores and will assist in the process of simplifying the business.

EXCEPTIONAL ITEMS

A provision for onerous property lease contracts has been made under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' of £3.0m in respect of certain loss making stores. Having traded these for a further year, even with the benefit of the significant positive operational changes which have improved the underlying performance of the business, these particular stores are ones that we recognise are now unlikely to achieve a positive return during the remaining life of their leases. The provision represents the net present value of projected losses for each store, until the end of lease, as the directors believe there is no realistic prospect of achieving lease surrender for an amount less than that provided.

An impairment review of assets under IAS 36 'Impairment of Assets' has resulted in a write down in the fixed asset values of certain stores amounting to £0.9m.

Other exceptional adjustments were made up of £0.5m relating to reorganisation costs in connection with the review of the cost base of the business, and £0.4m in respect of non contingent fees incurred in relation to the disposal of the Hugo Boss Franchise Business.

A tax credit of £1.0m is applied to the exceptional items resulting in a total exceptional charge after taxation of £3.8m.

LOSS PER SHARE

Loss per share was (5.94) pence compared to (6.10) pence per share last year.

DIVIDEND

In line with our stated policy the Board is not proposing a dividend this year, as in 2009/10. The Board believes it is prudent to continue to conserve cash in the current economic environment, though we will continue to proactively review our position on this, as the year progresses.

INVESTMENT

Total capital expenditure in the year was £4.9m (2009/10: £3.5m) and depreciation was £6.5m (2009/10: £7.1m). This included the opening of two new stores and the refitting or re-branding of four stores across all fascias. The total capital expenditure included further investment in new Moss Bros Hire inventory of £0.7m (2009/10: £0.7m), whilst depreciation on hire inventory was £1.3m (2009/10: £1.5m).

CASH

The year end cash balance was £6.9m compared to £6.3m last year.

INVENTORY

The mix of inventory in the business has been re-geared to ensure sufficient inventory is available to support sales across the business. This has led to an increase in current season inventory compared to the prior 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.

OUTLOOK

In spite of tough trading conditions, the business has made progress on all of the operational priorities set out at the beginning of the year and this has had a very positive impact on trading. Furthermore, we have made good progress on developing and executing our strategic goals and the sale of our Hugo Boss Franchise Business has given us the financial and people resources to bring momentum to this. I am confident that we will maximise the potential of the Moss brand and create substantial shareholder value in the process.

Brian Brick
Chief Executive Officer
30 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 29 JANUARY 2011

	Notes	52 weeks to 29 January 2011 Underlying £'000	Exceptional items (note 3) £'000	Total £'000	52 weeks to 30 January 2010 * Underlying £'000	Exceptional items (note 3) £'000	Total £'000
Revenue		136,438	-	136,438	128,747	-	128,747
Cost of sales		(60,813)	-	(60,813)	(57,747)	-	(57,747)
Gross profit		75,625	-	75,625	71,000	-	71,000
Administrative expenses		(6,095)	(800)	(6,895)	(5,136)	(178)	(5,314)
Shops' selling and marketing costs		(72,200)	(3,988)	(76,188)	(69,778)	(2,553)	(72,331)
Operating loss		(2,670)	(4,788)	(7,458)	(3,914)	(2,731)	(6,645)
Investment revenues		1	-	1	24	-	24
Financial costs		(47)	-	(47)	(24)	-	(24)
Loss before taxation		(2,716)	(4,788)	(7,504)	(3,914)	(2,731)	(6,645)
Taxation		913	973	1,886	749	134	883
Loss after taxation and total comprehensive loss for the period		(1,803)	(3,815)	(5,618)	(3,165)	(2,597)	(5,762)
Basic loss per share	4			(5.94)p			(6.10)p
Diluted loss per share	4			(5.94)p			(6.10)p

*See note 1 for details of restatement applied to the Consolidated Statement of Comprehensive Income for the 52 week period ended 30 January 2010.

All revenue and profits relate to the continuing operations of the Group and includes the Hugo Boss Franchise business the disposal of which is to be completed on 1 April 2011.

There are no other items of comprehensive income in the period other than the loss for the period.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 29 JANUARY 2011

	Share capital £'000	Share premium account £'000	Retained earnings * £'000	Total equity * £'000
52 weeks ended 30 January 2010				
Balance at 1 February 2009 as originally stated	4,727	8,673	25,985	39,385
Effect of restatement *	-	-	(1,521)	(1,521)
Balance at 1 February 2009 as restated	4,727	8,673	24,464	37,864
Loss for the period	-	-	(5,762)	(5,762)
Credit to equity for equity settled share-based payments	-	-	110	110
Balance at 30 January 2010	4,727	8,673	18,812	32,212

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
52 weeks ended 29 January 2011				
Balance at 31 January 2010	4,727	8,673	18,812	32,212
Loss for the period	-	-	(5,618)	(5,618)
Credit to equity for equity settled share-based payments	-	-	277	277
Balance at 29 January 2011	4,727	8,673	13,471	26,871

*See note 1 for details of restatement applied to the Consolidated Statement of Comprehensive Income for the 52 week period ended 30 January 2010 and the Consolidated Statement of Financial Position as at 30 January 2010 and 31 January 2009.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 29 JANUARY 2011

	29 January 2011 £'000	30 January 2010 * £'000	31 January 2009 * £'000
ASSETS			
Intangible assets	1,276	1,609	1,849
Property, plant and equipment	17,809	21,810	27,069
Lease improvements	2,231	1,700	2,542
TOTAL NON-CURRENT ASSETS	21,316	25,119	31,460
Inventories	18,928	16,925	15,394
Trade and other receivables	5,907	5,782	6,411
Cash and cash equivalents	6,936	6,279	8,107
Current tax asset	-	-	44
TOTAL CURRENT ASSETS	31,771	28,986	29,956
TOTAL ASSETS	53,087	54,105	61,416
LIABILITIES			
Trade and other payables	19,667	16,635	17,193
Provisions	1,205	-	200
Current tax liability	10	22	-
TOTAL CURRENT LIABILITIES	20,882	16,657	17,393
Other payables	2,732	2,579	2,504
Provisions	1,802	-	-
Deferred tax liabilities	800	2,657	3,655
TOTAL NON-CURRENT LIABILITIES	5,334	5,236	6,159
TOTAL LIABILITIES	26,216	21,893	23,552
NET ASSETS	26,871	32,212	37,864
EQUITY			
Issued capital	4,727	4,727	4,727
Share premium account	8,673	8,673	8,673
Retained earnings	13,471	18,812	24,464
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	26,871	32,212	37,864

*See note 1 for details of restatement applied to the Consolidated Statement of Financial Position as at 30 January 2010 and 31 January 2009.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 29 JANUARY 2011

	52 weeks to 29 January 2011 £'000	52 weeks to 30 January 2010 * £'000
Cash flows from operating activities		
Operating loss before taxation	(7,458)	(6,645)
Adjustments for:		
Amortisation of intangible assets	506	647
Impairment of property, plant and equipment	901	2,251
Depreciation of property, plant and equipment	6,666	6,464
Loss on sale of property, plant and equipment	633	35
Increase in inventories	(2,003)	(1,531)
(Increase) / decrease in receivables	(125)	629
Increase / (decrease) in payables	3,185	(732)
Increase in provisions	3,007	-
Share based payments charge	277	110
Taxation received	17	-
Net cash from operating activities	5,606	1,228
Cash flows used in investing activities		
Finance income (net)	(46)	-
Purchase of intangible assets	(173)	(407)
Purchase of property, plant and equipment	(4,776)	(3,082)
Proceeds on disposal of property, plant and equipment	46	433
Net cash used in investing activities	(4,949)	(3,056)
Cash flows from financing activities		
Dividends paid	-	-
Proceeds from the issue of shares	-	-
Net cash used in financing activities	-	-
Cash and cash equivalents at beginning of period	6,279	8,107
Increase/(decrease) in cash and cash equivalents	657	(1,828)
Cash and cash equivalents at end of period	6,936	6,279

*See note 1 for details of restatement applied to the Consolidated Statement of Comprehensive Income for the 52 week period ended 30 January 2010 and the Consolidated Statement of Financial Position as at 30 January 2010 and 31 January 2009.

1. **Basis of preparation**

The financial information set out above is based on the Company's financial statements which are prepared in accordance with International Financial Reporting Standards as adopted for use in the EU.

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 29 January 2011 in these consolidated preliminary results are consistent with those adopted by the Group in its consolidated financial statements for the 52 weeks ended 30 January 2010.

These consolidated preliminary results have been prepared in accordance with the recognition and measurement criteria of IFRS. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the period ended 29 January 2011.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 29 January 2011 or 30 January 2010, but is derived from those accounts. Statutory accounts for 2009/10 have been delivered to the Registrar of Companies and those for 2010/11 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498(2) or (3) Companies Act 2006 or equivalent preceding legislation.

Prior year restatement

The Consolidated Group Statement of Comprehensive Income for the 52 weeks ended 30 January 2010 and the Consolidated Statements of Financial Position as at 30 January 2010 and 31 January 2009 have been restated to recognise deferred revenue in respect of hire sales at the point of the service is provided to the customer. The deferred revenue relates to deposits received from customers prior to the year end but where the related hire suits were not collected for use until after the year end. Previously, the deposits were recorded as revenue when received from the customers and not when the hire was made, which was inconsistent with the Company's stated policy.

In accordance with the policy for hire sales, the prior period Group Statement of Comprehensive Income and Consolidated Statement of Financial Position have been restated in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Also, in accordance with IAS 1 (revised) 'Presentation of Financial Statements', a Consolidated Statement of Financial Position as at 31 January 2009 is presented together with related notes.

<u>Impact on comparative consolidated statement of comprehensive income</u>

	52 weeks to 30 January 2010 £'000
Increase in revenue	10
Decrease in loss before taxation	10
Decrease in basic loss per share	0.01 pence
Decrease in diluted loss per share	0.01 pence

<u>Impact on comparative consolidated statement of financial position</u>

	30 January 2010 £'000	**31 January 2009 £'000**
Increase in deferred revenue	1,511	1,521

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 and funding, together with the Group's objectives, key risks and uncertainties.

The Group meets its day to day working capital requirements through surplus cash balances and when needed through a £5.0m Revolving Business Loan Agreement with Lloyds TSB Bank plc which expires on 31 May 2011. The cash generated pursuant to the disposal of the Hugo Boss Franchised Business to Hugo Boss UK Limited, details of which are set in the Chief Executive Business Review, will provide sufficient working capital such that the Company will not need to renew the current facilities and will operate debt free. At the EGM of Moss Bros Group PLC shareholders held on 3 March 2011, all resolutions as set out in the Notice of Meeting contained in the Circular to shareholders dated 11 February 2011 were passed. All resolutions were put to the meeting and approved on a poll. However, if the disposal does not complete or is significantly delayed it is likely the Group will continue to require access to similar banking facilities in the future. The Company does not anticipate difficulties in renewing the existing facility or replacing it with similar facilities in the unlikely event that this should prove necessary.

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 should be able to operate within the level of its current and expected future facilities.

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 29 January 2011.

3. Exceptional items

	2010/11 £'000	2009/10 £'000
Administrative expenses:		
Costs arising from management restructuring – redundancy	388	178
Non contingent fees arising from the disposal of the Hugo Boss Franchise Business	412	-
Total exceptional administrative expenses	800	178
Shop selling and marketing costs:		
Costs arising from management restructuring – redundancy	80	-
Other property related losses		
- impairment of property, plant and equipment	901	2,251
- provision for onerous property lease contracts	3,007	-
Other	-	302
Total exceptional shop selling and marketing costs	3,988	2,553
Tax credit related to exceptional items	(973)	(134)

4. Earnings per share

Basic loss per ordinary share is based on the weighted average of 94,530,752 (2009/10: 94,530,752) ordinary shares in issue during the period and are calculated by reference to the loss attributable to shareholders of £5,618,000 (2009/10 *: loss of £5,762,000).

Diluted loss per ordinary share is based upon the weighted average of 94,530,752 (2009/10: 94,530,752) ordinary shares which excludes the effects of share options and shares under the LTIP, 7,282,728 (2009/10: 6,393,020) that were anti-dilutive for the periods presented but could dilute earnings per share in the future and are calculated by reference to the loss attributable to shareholders as stated above. In the current and prior period the weighted average number of ordinary shares was not diluted, as per IAS 33 'Earnings per Share', as this would decrease the basic loss per share.

*See note 1 for details of restatement applied to the Consolidated Statement of Comprehensive Income for the 52 week period ended 30 January 2010.

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; for the hire of clothing, the exchange of goods occurs when the hire clothing and ancillary goods are collected for use by the customer. At this point it is deemed that all risks and rewards have been transferred. Hire deposits paid in advance are held on the balance sheet until the date of hire.

Operating Segments

The majority of the Company's turnover arose in the United Kingdom, with the exception of one store 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 to allocate resources to the segments and to assess their performance.

Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the split between retail and hire.
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 years:

Key financials	52 weeks to 29 January 2011 £'000	52 weeks to 30 January * 2010 £'000
Revenue		
Retail	120,958	114,550
Hire	15,480	14,197
Total revenue	136,438	128,747
Gross profit		
Retail	64,936	61,098
Hire	10,689	9,902
Total gross profit	75,625	71,000
Administrative expenses	(6,895)	(5,314)
Shops' selling and marketing costs	(76,188)	(72,331)
Operating loss	(7,458)	(6,645)
Investment revenues	1	24
Financial costs	(47)	(24)
Loss before taxation	(7,504)	(6,645)

*See note 1 for details of restatement applied to the Consolidated Statement of Comprehensive Income for the 52 week period ended 30 January 2010.

The accounting policies for the reportable segments are the same as the Group's accounting policies.

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 identifiable as they both use the same stores and hence operating profit is not reported to the Chief Executive by Retail and Hire. Revenue and gross profit are the measures reported to the Chief Executive 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.

6. Events after the balance sheet date

Disposal of the Hugo Boss Franchise Business

Moss Bros Group PLC announced on 7 February 2011 that it had entered into a conditional sale and purchase agreement with Hugo Boss UK Limited, relating to the disposal of the Hugo Boss Franchised Business, for a cash consideration of £16.5m. The disposal constitutes a Class 1 transaction pursuant to Chapter 10 of the Listing Rules and was subsequently approved on 3 March 2011 by the shareholders of the Company at an Extraordinary General Meeting. The transfer of the business to Hugo Boss UK Limited will take place on 1 April 2011 with £4.2m to be received on that date, and the balance in instalments as each lease is assigned to the purchaser.

The proceeds from the disposal will provide the Company funding to eliminate debt and invest in the core business.

The agreed sale and purchase agreement will dispose of the 15 Hugo Boss branded retail stores in the UK, currently operated by the Company under the Franchise Agreement with Hugo Boss AG. Hugo Boss UK Limited will acquire the business and assets of the Hugo Boss Franchised Business as a going concern, including all the leases, inventory and property, plant & equipment associated with the 15 Hugo Boss franchised stores. In addition all the employees who currently work in the Hugo Boss franchised stores and those in the Head Office working directly on Hugo Boss Franchised Business, will be transferred across. The cash consideration of £16.5m is subject to subsequent adjustment to reflect the amount of transferred inventory and consent of the superior landlords. The Company is confident that all these consents will be obtained.

The 15 Hugo Boss franchised stores had sales of £33.0m (2009/10: £33.0m) and operating profit of £3.4m (after exceptional items of £nil) for the 52 weeks ended 29 January 2011 (2009/10: £0.7m after exceptional impairment of £1.1m). As at the same date, the 15 Hugo Boss franchised stores had net assets of £10.8m and total assets of £11.2m. The estimated pre tax profit on disposal as at 1 April 2011 is £6.8m.