

# MOSS BROS.

GROUP PLC

## Unaudited preliminary results for the 52 weeks ended 28 January 2017

### Continued Strong Progress

Moss Bros Group PLC (“the Group”), the ‘first choice for men’s tailoring’, today announces its Preliminary Results, covering the period from 31 January 2016 to 28 January 2017.

#### Financial Highlights

- Total Group revenue, excluding VAT, was up 5.7% on the previous year to £127.9m.
- Group like-for-like\* sales of £131.5m, including VAT, up 5.3% (2015/16: up 8.2%):
  - Like-for-like\* retail sales up 6.0% (2015/16: up 7.6%)
  - Like-for-like\* hire sales, representing 13.7% of sales, up 1.5% (2015/16: up 11.7%)
- E-commerce sales including VAT up 15.7% (2015/16: up 36.3%) now 11% of total sales
  - Mobile and tablet sales growth strong and now 43% of total e-commerce sales
- Profit before tax up 20.3% at £7.1m (2015/16: £5.9m before exceptional items).
- EBITDA\*\*\* up 8.8% to £13.6m (2015/16: EBITDA\*\*\* £12.5m), driven by improved sales, more targeted discounting and tight control of costs.
- Gross margin improved in total for the year by 1.5% to 61.3%, due to lower levels of discounting.
- Strong cash balance of £19.5m (30 January 2016: £17.3m) through close management of working capital and notwithstanding a further £8.8m capital investment across the business. Cash generated from operating activities of £16.0m (2015/16: £11.6m).
- Basic earnings per share of 5.51 pence, up 17% (2015/16: 4.71 pence before exceptional items, 2015/16: 4.65 pence after exceptional items).
- Final dividend proposed of 3.98 pence, total dividend for the year 5.89 pence, up 6.1% on the previous year (2015/16: total dividend 5.55 pence).

#### Operational Highlights

- Benefits from ongoing investment in a strong brand identity and store refit programme continue, delivering an environment to showcase our enhanced product range.
- E-commerce sales continue to grow, leveraging the process improvements and ‘back-end’ infrastructure investments made during the year.
- ‘Tailor Me’ custom tailoring service gaining traction with customers, nationwide.
- Senior team strengthened during the year with the recruitment of a new Finance Director, Chief Operating Officer and Customer Director, driving our focus on service delivery.

#### Current trading

- Retail like-for-like\* sales, including VAT, in the first 7 weeks of the new financial year are up 4.3% (7 week period avoids a non LFL Easter bank holiday in week 8 last year).
- Easter, which marks the start of the wedding season, falls 3 weeks later in 2017, temporarily delaying some hire order collections and therefore revenues by three weeks. Hire orders booked for collection in 2017/18 are currently -1% on the previous year.
- Hire like for like\*, reported on a ‘cash taken’ basis, is -14.3% in the first 7 weeks, due to the implementation of our “£10 deposit” offer in store. This clearly impacts LFL revenues and means that during the early part of the Hire season we are holding a materially smaller value of deposits on a ‘cash taken’ basis.
- Early responses to the Spring Summer 2017 range across Retail and to the new Hire ranges have been good
- We continue to grow our presence on the high street and online.
- The Group’s trading performance continues in line with the Board’s expectations.

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

"We are very pleased with the performance of Moss Bros, as we made good progress towards the achievement of our strategic goals. The modernisation of the store portfolio is nearing completion and continues to achieve anticipated returns.

We have made a good start to the implementation of our omni-channel shopping proposition and will ensure that the appropriate investments are made in both our systems and our people during 2017 and beyond, to leverage the benefits of this important area.

We continue to add to the capabilities of the management team and we are well placed to accelerate our growth, in spite of continuing tough market conditions and the ongoing headwinds which we face as a result of increasing input costs in many areas.

The early response to the 2017 Spring/Summer retail range has been positive and retail like-for-like\* sales are continuing to improve.

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

\*Like-for-like (including VAT) represents financial information for e-commerce and 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 and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.

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

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# CHAIRMAN'S STATEMENT

I am pleased to report another year of considerable progress for the Group.

Total like-for-like\* sales including VAT reflected a 5.3% increase on the prior year. Profit before taxation was up 20.3% to £7.1m, compared with £5.9m in the previous year. EBITDA\*\* continued on a positive trend to £13.6m, compared with £12.5m in the previous year. Similarly, our cash position continues to be very strong, despite the ongoing refit programme.

The retail environment became one of the most highly competitive we have seen for some considerable time, with heavy and intense discounting. We remained focused on our multi-branded and segmented pricing architecture and traded our way through what was an unforgiving market, which saw a number of new branded entrants to the Menswear market and the exit or reduction in market share for a couple of long established brands, reinforcing the need for us to keep close to consumer trends and to modernise our offer accordingly.

The core Moss Bros master brand is now well established and we saw reasonable growth in each of our supporting sub-brands of Moss London, Moss 1851, and Moss Esq, with Moss London expanding our reach to a younger customer, capitalising on the growth in trend of occasions like School Proms.

Actions to develop our product offer have included the growth of 'Tailor Me', which is achieving significant traction as a more accessible form of bespoke, enabling a significant proportion of our suit range to be personalised. This unique proposition is now available across our entire estate and we have grown sales throughout the last 12 months, undoubtedly adding to our growth in market share.

We have almost completed our store refit programme this year, completing 11 refits, which means almost all of our store estate has now been modernised over the last four years. This increased investment has impacted cash in the short term as planned but the proven payback means we are achieving the returns predicted and we turn our attention now to maintaining and refining our estate to reflect the more premium positioning of our brands amongst our target customers.

We opened a further 7 stores in Westfield Stratford City, the Merry Hill shopping centre, Worcester, Belfast, Harrogate, Newbury and on Teesside. We also relocated our Hatfield store and closed 4 stores, giving us an overall store count of 127 stores, compared with 124 last year.

We continued the development of the organisation and talent by the recruitment of a new Group Finance Director Tony Bennett, who joined us in August 2016. We have also recruited a new Buying Director, Nick Reed, who joins us from Charles Tyrwhitt, the multi-channel Menswear retailer, which he joined in 2000. He has a strong product, brand and commercial background in online, multi-site and international consumer businesses, with highly relevant experience in Menswear. He will join us in April 2017.

We have a strong and stable team of Non-Executive Directors and continue to review our succession plans with rigour to be sure we manage the succession of the Board and its various Committees in a seamless way, ensuring we retain the highest levels of governance.

The team continues to apply strong cash and working capital controls and the business continues to be debt free, with a healthy cash balance, supporting the Board's progressive dividend and investment policies.

The Board is proposing the payment of a final dividend of 3.98 pence per share to be paid on 23 June 2017 to all shareholders on the register on 2 June 2017 (ex dividend date 1 June 2017). The recommended total dividend for the year will be 5.89 pence per share, an increase of 6.1% on the previous year. It is our intention to continue this progressive dividend policy balanced against the wider investment needs of the business.

In the coming year, we will leverage our roll out of 'Tailor Me', accelerate the reinvention of our Hire offer and leverage and continue to build the infrastructure to modernise our multi-channel offer, whilst investing more in our colleague and service propositions. This will be done in the context of significant external cost pressures from the increases in the National Living Wage, the Apprenticeship Levy, the revaluation of business rates and increased purchasing costs due to the combined effects of a devalued pound. We expect the trading environment for the business in 2017 to remain challenging.

Although we recognise external macro challenges, we are well placed to leverage our specialist credentials and to enhance our position as 'the first choice for men's tailoring'.

Finally, I would like to recognise the fact that we differentiate ourselves through the highest levels of customer service, which is the result of substantial training and hard work of all of our people. I would like to thank them all for their continued dedication and contribution to another successful year for the Group.



DEBBIE HEWITT

CHAIRMAN

28 March 2017

\* Like-for-like (including VAT) represents financial information for e-commerce and 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 and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.

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

# CHIEF EXECUTIVE'S REVIEW

## REVIEW OF OPERATIONS

The Group has continued to make strong progress throughout the year. The ongoing store refit programme in 2016/17 means that 97 of our 127 stores were trading in the new format at the year end. This, combined with our ongoing focus on product and brand development, has meant that our customer offer continues to go from strength to strength. Building brand equity in this way, alongside significant improvements in our multi-channel proposition, leaves us well placed to capitalise on the tailoring expertise which we possess in-store and online. Our 'Tailor Me' personalisation service further adds to our proposition, making us the ideal destination whether a customer wishes to buy, rent or tailor their perfect suit.

### RETAIL

We continued to pursue operational improvements across the business, which when combined with our ongoing investment in store refits during the year, benefited like-for-like\* sales, which were up by 6.0% on the previous year (2015/16: up by 7.6%). Retail gross margins improved on the previous year by 2.2% percentage points as a result of more focused promotional activity. Stock levels were kept closely under control throughout the year.

We opened 7 brand new stores, and closed 4 in the UK during the year. A further store was relocated into a larger and better location. We are considering additional new store opening opportunities in the UK in the next 12 months and currently have 4 confirmed openings for 2017. The Group now trades from 127 stores (30 January 2016: 124 stores).

The inherent flexibility in our property estate gives us options in what we anticipate will be a fast changing retail landscape. The average lease length across the store portfolio is only 56 months and we are targeting improved lease terms on renewal, of a 10 year term, with a tenant only break clause at year 5. 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

Overall like-for-like\* hire sales increased by 1.5% in the year, following very strong growth in the previous financial year (2015/16: 11.7%). The broadening of the range to include lounge suits has proved very successful and has received enthusiastic positive customer feedback. We continue to invest in our Hire business both in terms of additional Hire product lines and improvements in our underlying Hire systems. Although currently small, our online Hire offer is increasing in its contribution to the overall Hire business.

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

### E-COMMERCE

Sales grew very strongly, up 15.7% on the previous year. Online sales now represent 11% of total sales (2015/16: 10%). Visitor conversion shows strong growth across all electronic devices and is growing particularly rapidly from customers reaching us via mobile devices since the introduction of a fully device responsive website in the second half of 2016.

Mobile and tablet sales growth was particularly strong and now comprises 43% of total e-commerce sales.

Investment of both capital and expertise into the e-commerce customer experience has seen a significant reduction in the number of customer contacts received regarding their online shopping experience. This improvement has provided us with the confidence to actively acquire additional new customers and also focus attention on building on our existing customer repurchase behaviour.

The Hire website continues to gain traction and we believe it will achieve further growth, with wedding hire customers more frequently beginning their journey online before engaging with our stores to complete their transaction. We will continue to invest in enhancements to the Hire website in order to further improve the customer experience and subsequent conversion rates.

### SUPPLY CHAIN AND COSTS

The effective clearance of residual stock through stores and online has enabled new seasons' stock to be introduced into stores earlier, improving the customer offer and enabling 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, but this was fully mitigated by our hedging policy during 2016/17.

We increased capacity at our warehouse during 2016 both in terms of volumes of stock which we can hold and also the volume of e-commerce orders which we can process.

### PEOPLE

Ongoing plans are in place to establish a stronger service culture within the business, to support our aim to become the 'first choice for men's tailoring'. Investment in people through recruitment, induction, and performance management continues, with a broad range of programmes available to all of our colleagues.

## FINANCIAL REVIEW

Performance improvement across the business continued in 2016/17 with strong like-for-like\* sales growth and continued control over costs. Profit before taxation on continuing operations was £7.1m, compared with an underlying profit of £5.9m in the previous year, an increase of 20.3%.

## REVENUE

Overall revenue was up 5.7% (up 5.3% like-for-like\*) on the previous year to £127.9m. Retail was up 6.7% (up 6.0% like-for-like\*) on the previous year. Hire was 0.4% lower (up 1.5% like-for-like) on the previous year.

## GROSS MARGIN

Underlying overall gross margin increased by 1.5% in the year (61.3% vs 59.8%), due to removal of the Spring 2016 mid-season sale and more targeted promotional campaigns leading to lower levels of discounting.

## COSTS

Administrative and shops' selling and marketing costs before exceptional items increased by 7.3% on the prior year, as planned. Costs remain tightly controlled with expenditure focused on areas that will add value and support the development of the strategic goals of the Group.

## EXCEPTIONAL ITEMS

Exceptional items are significant items of an unusual or non-recurring nature which are disclosed separately in the Income Statement to provide a clearer understanding of the underlying financial performance in the period. See note 5 for further details.

There were no exceptional items during the year 2016/17. Last year, an exceptional credit and an exceptional debit were incurred during the year, and in accordance with our accounting policies have been separately reported as exceptional, due to their size and one-off nature.

## EARNINGS PER SHARE

Basic earnings per share on total earnings were 5.51 pence compared with 4.65 pence (after exceptional items) per share last year. Diluted earnings per share, on total earnings, were 5.39 pence per share compared with 4.50 pence (after exceptional items) per share last year.

## TAXATION

The Group's effective tax rate for 2016/17 is 22.7% compared with 21.2% for 2015/16. The increase in 2016/17 is mainly due to timing differences between depreciation charged and capital allowances.

## DIVIDEND

Given the strong progress made in 2016/17 and ongoing cash generation the Board feels it is appropriate to propose the payment of a final dividend of 3.98 pence per share (2015/16: 3.75 pence) bringing the total for the year to 5.89 pence per share, compared with 5.55 pence per share for the year ended 30 January 2016, an increase of 6.1%. The final dividend is to be paid on 23 June 2017 to all shareholders on the register as at 2 June 2017 (ex dividend date 1 June 2017).

## INVESTMENT

Total capital expenditure in the year was £8.8m (2015/16: £9.6m) and depreciation and amortisation was £6.5m (2015/16: £6.6m). This included the opening of 7 new stores, 1 store relocation and the refurbishment of 11 stores. The total capital expenditure included further investment in new Moss Bros hire inventory of £1.9m (2015/16: £2.4m), whilst depreciation on hire inventory was £1.6m (2015/16: £1.5m).

## CASH AND LIQUIDITY

The year end cash balance was £19.5m compared with £17.3m last year after investment in new stores, store refits and hire stock, and payment of dividends in line with our progressive dividend policy. Reduction in working capital partly results from timing of year end.

## INVENTORY

The mix and volume of inventory in the business was reviewed during the year to ensure sufficient inventory was available to support sales across the business including earlier intake of new season's lines to maximise full price sales and gross margin. Stock at the year end was £16.7m (2015/16: £14.4m).

## TRADE AND OTHER PAYABLES

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

## FUTURE DEVELOPMENTS

The Board continues to believe Moss Bros has an exciting future, with the growth of e-commerce underpinning the move to full omni-channel retailing. The adoption of Moss Bros as the master brand supported by complementary sub brands and introduction of carefully targeted marketing activity has proved very successful. In order to maximise this opportunity, and with the increasing role that digital has to play in marketing, we will add further resource and investment during 2017 to support our omni-channel proposition.

Continuity of brand presentation and pricing across all our channels is paramount in ensuring excellent customer service and therefore customer experience. The introduction of customer relationship management ("CRM") and the leveraging of our customer database will enhance communication with the customer and perception of the brand.

Our ongoing investment in our People Strategy continues to establish a service culture across the business - our people are critically important to the future of the business. Our "Tailor Me" personalisation service is available in all stores - a simplified set of bespoke options offering a custom made suit, ready for collection within 30 days of placing an order.

## RETAIL

The store refit programme is now entering its sixth year, with 97 new or refitted stores trading in the new look store format. Given the strength of our combined retail and hire offer we are continuing to seek expansion opportunities both through new outlets and relocations where we move to larger, better positioned sites.

## HIRE

We will continue to leverage the opportunities to grow our market share through all distribution channels including online. Investment in new product areas in 2016, such as lounge suits, has proved very successful and more investment is planned for 2017. Investment in new hire stock totalled £1.9m in 2016 and is planned at a further £1.8m in 2017.

Early season booking numbers for collection in the current year (FY 2017/18) are -1% below last year's bookings at this point. It should be noted that Easter, which typically marks the start of the wedding season, falls three weeks later this year. The newly introduced product areas continue to show the most rapid growth. The business continues to be in excellent shape to gain market share.

Moss Hire provides us with a rich source of customer data, many of whom are currently unaware of, or do not consider the Moss Retail or Tailor Me offer. We continue to believe the opportunities for CRM, in the context of a multi-channel offer, are significant.

## E-COMMERCE

We plan to exploit further growth opportunities both in the UK and overseas by strengthening our e-commerce capability and building on our success, leveraging the advantages that full omni-channel capability will bring, including investment in CRM to better communicate with both existing customers and potential new customers.

## SUPPLY CHAIN & COSTS

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

In the year ahead, in common with many retailers, we expect to see higher input costs; in product from a weaker pound, business rates and employee costs. We are therefore preparing the company for a more competitive trading environment and we are seeking to find ways in which to mitigate these rising costs whilst protecting the investment we are making in building and sustaining growth.

We anticipate central costs will increase broadly in line with turnover in 2017/18 as we maintain our investment in our omni-channel capability, our people and our technology infrastructure alongside increases in our occupational and employment related costs.

Capital expenditure for 2017/18 is estimated at £10.2m, including £4.5m for investment in 17 new or refitted stores, £2.9m in Technology and £1.8m for hire stock.

## INFRASTRUCTURE

We successfully upgraded our retail website and commenced integration of our Hire system into our core business systems during 2017. We will continue to invest in IT as appropriate to ensure that we have a resilient and scalable platform on which to support the development of the business in all areas.

As well as introducing the latest technology, the IT investments will focus on improving business efficiency and delivering a better customer experience.

## PEOPLE

During 2016 we have continued to develop our key people initiatives and have made good progress in establishing a strong training and development portfolio; The Moss Bros. Academy. We have integrated The Moss Bros. Way, our values framework, across key people processes and in particular recruitment. We have established an employee recognition scheme, a communication platform and an engagement survey which is now in its second year. We have made progress on internal promotions, including Store career paths and appointments from Stores to Head Office.

The focus for 2017 is building management capability, change management and embedding customer behaviours and to support this we are equipping 4 Centres of Excellence; model stores that will showcase a multi-functional store with the customer experience at its core. These regional training stores will significantly increase our training reach and further boost the cultural change that is vital to delivering our growth.

## OUTLOOK

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 we are continuing to make good progress on the implementation of our omni-channel proposition, which is reflected in continued growth in our online sales. Our people strategy is an important part of the future development of the Moss Bros brand, through improvements in our customer experience, leading to improved customer satisfaction and retention.

The retail landscape in 2017 will undoubtedly be tough, with an uncertain consumer environment set against the wider political backdrop and alongside rising costs of operation and a weaker pound. We continue to anticipate and prepare for a more competitive trading environment, whilst ensuring that we protect our ongoing investment in the business in order to sustain growth.

The early response to the 2017 Spring/Summer ranges is positive, with retail like-for-like\* sales continuing to improve year on year.

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



BRIAN BRICK

CHIEF EXECUTIVE OFFICER

28 March 2017

\*Like-for-like (including VAT) represents financial information for e-commerce and 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 and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 28 JANUARY 2017

	52 weeks to 28 January 2017		52 weeks to 30 January 2016	
	Total £'000	Underlying* £'000	Exceptional items** £'000	Total £'000
<b>CONTINUING OPERATIONS</b>				
Revenue	127,930	121,072	-	121,072
Cost of sales	(49,528)	(48,669)	-	(48,669)
<b>Gross profit</b>	<b>78,402</b>	<b>72,403</b>		<b>72,403</b>
Administrative expenses	(6,620)	(6,146)	-	(6,146)
Shops' selling and marketing costs	(64,705)	(60,333)	(748)	(61,081)
<b>Operating profit</b>	<b>7,077</b>	<b>5,924</b>	<b>(748)</b>	<b>5,176</b>
Other gains and losses	26	3	650	653
Investment revenues	48	66	-	66
Financial costs	(5)	(51)	-	(51)
<b>Profit on ordinary activities before taxation</b>	<b>7,146</b>	<b>5,942</b>	<b>(98)</b>	<b>5,844</b>
Taxation charge	(1,623)	(1,273)	34	(1,239)
<b>Profit after taxation attributable to equity holders of the parent</b>	<b>5,523</b>	<b>4,669</b>	<b>(64)</b>	<b>4,605</b>
<b>OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY INTO PROFIT OR LOSS</b>				
<b>Cash flow hedges</b>				
Change in fair value of effective portion	(212)	(61)	-	(61)
<b>Other comprehensive income for the year, net of tax</b>	<b>(212)</b>	<b>(61)</b>		<b>(61)</b>
<b>Total comprehensive income for the year</b>	<b>5,311</b>	<b>4,608</b>	<b>(64)</b>	<b>4,544</b>
<b>Earnings per share (pence)</b>				
Basic - total	5.51p			4.65p
Diluted - total	5.39p			4.50p
<b>Underlying* earnings per share (pence)</b>				
Basic - total	5.51p	4.71p		
Diluted - total	5.39p	4.56p		

\*Underlying represents results before exceptional items as defined in note 5

\*\*Refer to Note 5



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 28 JANUARY 2017

	Share capital	Share premium account	Share-based payments	Employee benefit trust	Hedging Reserve	Retained earnings	Total equity
52 WEEKS ENDED 30 JANUARY 2016	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BALANCE AT 31 JANUARY 2015	5,040	8,673	1,224	(1,521)	691	23,347	37,454
Profit for the period	-	-	-	-	-	4,605	4,605
Other comprehensive income:							
Cash flow hedging movement	-	-	-	-	(61)	-	(61)
<b>Total comprehensive income for the period</b>	-	-	-	-	(61)	4,605	4,544
Dividends paid	-	-	-	-	-	(5,300)	(5,300)
Credit to equity for equity settled share-based payments	-	-	347	-	-	-	347
Exercise of shares held under option	-	-	(619)	-	-	619	-
Movement on deferred tax on equity settled share-based payments	-	-	(177)	-	-	-	(177)
Movement on current tax on exercise of equity settled share-based payments	-	-	-	-	-	249	249
Sale of shares by employee benefit trust	-	-	-	839	-	(839)	-
SAYE exercise – employee contributions	-	-	-	-	-	220	220
<b>BALANCE AT 30 January 2016</b>	<b>5,040</b>	<b>8,673</b>	<b>775</b>	<b>(682)</b>	<b>630</b>	<b>22,901</b>	<b>37,337</b>

	Share capital	Share premium account	Share-based payments	Employee benefit trust	Hedging Reserve	Retained earnings	Total equity
52 WEEKS ENDED 28 JANUARY 2017	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BALANCE AT 30 JANUARY 2016	5,040	8,673	775	(682)	630	22,901	37,337
Profit for the period	-	-	-	-	-	5,523	5,523
Other comprehensive income:							
Cash flow hedging movement	-	-	-	-	(212)	-	(212)
<b>Total comprehensive income for the period</b>	-	-	-	-	(212)	5,523	5,311
Dividends paid	-	-	-	-	-	(5,687)	(5,687)
Credit to equity for equity settled share-based payments	-	-	392	-	-	-	392
Exercise of shares held under option	-	-	(480)	-	-	480	-
Movement on deferred tax on equity settled share-based payments	-	-	(50)	-	-	-	(50)
Movement on current tax on exercise of equity settled share-based payments	-	-	-	-	-	113	113
Sale of shares by employee benefit trust	-	-	-	544	-	(544)	-
SAYE exercise – employee contributions	-	-	-	-	-	83	83
<b>BALANCE AT 28 JANUARY 2017</b>	<b>5,040</b>	<b>8,673</b>	<b>637</b>	<b>(138)</b>	<b>418</b>	<b>22,869</b>	<b>37,499</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 JANUARY 2017

	28 January 2017 £'000	30 January 2016 £'000
<b>ASSETS</b>		
Intangible assets	1,443	1,796
Property, plant and equipment	18,792	17,187
Leasehold improvements	1,252	1,016
Deferred tax assets	1,200	1,189
<b>TOTAL NON-CURRENT ASSETS</b>	<b>22,687</b>	<b>21,188</b>
Inventories	16,709	14,428
Trade and other receivables	3,688	3,013
Cash and cash equivalents	19,518	17,259
Derivative financial instruments	411	597
<b>TOTAL CURRENT ASSETS</b>	<b>40,326</b>	<b>35,297</b>
<b>TOTAL ASSETS</b>	<b>63,013</b>	<b>56,485</b>
<b>LIABILITIES</b>		
Trade and other payables	17,157	11,603
Provisions	1,252	1,076
Current tax liability	1,181	229
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,590</b>	<b>12,908</b>
Other payables	3,208	2,990
Provisions	1,321	1,402
Deferred tax liabilities	1,395	1,848
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,924</b>	<b>6,240</b>
<b>TOTAL LIABILITIES</b>	<b>25,514</b>	<b>19,148</b>
<b>NET ASSETS</b>	<b>37,499</b>	<b>37,337</b>
<b>EQUITY</b>		
Called up share capital	5,040	5,040
Share premium account	8,673	8,673
Share-based payments	637	775
Employee benefit trust	(138)	(682)
Hedge reserve	418	630
Retained earnings	22,869	22,901
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT</b>	<b>37,499</b>	<b>37,337</b>

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 28 JANUARY 2017

	52 weeks to 28 January 2017 £'000	52 weeks to 30 January 2016 £'000
<b>OPERATING ACTIVITIES</b>		
Profit after taxation	5,523	4,605
Adjustments for:		
Taxation charge	1,623	1,239
Other (gains)	(26)	(653)
Investment revenues	(48)	(66)
Financial costs	5	51
Amortisation of intangible assets	801	1,149
Depreciation of tangible fixed assets	5,905	5,654
Amortisation of compulsory purchase compensation receipt	(203)	(204)
Loss on sale of property, plant and equipment	636	642
(Increase) / Decrease in inventories	(2,281)	1,308
(Increase) / Decrease in receivables	(675)	547
Increase / (Decrease) in payables	5,718	(2,215)
Increase in provisions	96	243
Share-based payments expense	444	451
Exercise of share options	(480)	(619)
Exceptional income – lease compensation cash receipt	-	650
Taxation paid	(1,072)	(1,143)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>15,966</b>	<b>11,639</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	48	66
Interest paid	(5)	(4)
Purchase of intangible assets	(650)	(966)
Purchase of tangible fixed assets	(8,115)	(8,645)
Proceeds from the sale of property plant and equipment	138	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(8,584)</b>	<b>(9,549)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(5,687)	(5,300)
Proceeds of employee benefit trust share sale	544	839
Excess SAYE receipt between cost and exercise price	20	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5,123)</b>	<b>(4,461)</b>
Cash and cash equivalents at beginning of period	17,259	19,630
Net (decrease) / increase in cash and cash equivalents	2,259	(2,371)
Cash and cash equivalents at end of period	19,518	17,259

## 1. Basis of preparation

The financial information set out in the announcement does not constitute the Group's statutory accounts for the periods ended 28 January 2017 or 30 January 2016. The financial information for the period ended 30 January 2016 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 52 week period ended 28 January 2017 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 2017.

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 28 January 2017 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 2016.

## 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.

## 3. Earnings per share

Underlying\* basic earnings per ordinary share is based on the weighted average of 100,211,983 (2015/16: 99,084,852) 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 £5,523,000 (2015/16: £4,669,000).

Underlying\* diluted earnings per ordinary share is based upon the weighted average of 102,559,814 (2015/16: 102,324,496) ordinary shares after deducting shares held by the Employee Benefit Trust, that were non-dilutive for the period.

### Basic earnings per share

	2016/17 Pence	2015/16 Pence
Underlying* basic earnings per share	5.51	4.71
Impact of exceptional items	-	(0.06)
<b>Basic earnings per share on continuing operations</b>	<b>5.51</b>	<b>4.65</b>

### Diluted earnings per share

	2016/17 Pence	2015/16 Pence
Underlying* diluted earnings per share	5.39	4.56
Impact on exceptional items	-	(0.06)
<b>Diluted earnings per share on continuing operations</b>	<b>5.39</b>	<b>4.50</b>

\*Underlying represents results before exceptional items

#### 4. 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 Tailor Me 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 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 period.

##### KEY FINANCIALS

	<b>52 weeks to 28 January 2017 £'000</b>	52 weeks to 30 January 2016 £'000
<b>CONTINUING OPERATIONS</b>		
Revenue		
Retail	<b>110,812</b>	103,883
Hire	<b>17,118</b>	17,189
Total revenue	<b>127,930</b>	121,072
Gross profit		
Retail	<b>64,920</b>	58,570
Hire	<b>13,482</b>	13,833
Total gross profit	<b>78,402</b>	72,403
Gross Margin %		
Retail	<b>58.6%</b>	56.4%
Hire	<b>78.8%</b>	80.5%
Total gross margin	<b>61.3%</b>	59.8%
Administrative expenses	<b>(6,620)</b>	(6,146)
Shops' selling and marketing costs	<b>(64,705)</b>	(60,333)
Operating profit before exceptional items	<b>7,077</b>	5,924
Other gains and losses	<b>26</b>	3
Investment revenues	<b>48</b>	66
Financial costs	<b>(5)</b>	(51)
Profit before taxation and exceptional items	<b>7,146</b>	5,942
Exceptional items	-	(98)
Profit before taxation and after exceptional items	<b>7,146</b>	5,844

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

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.

## 5. Exceptional items

	2016/17	2015/16
	£'000	£'000
Shop selling and marketing costs		
Provision for dilapidations	-	(748)
Other gains and losses		
Receipt of compensation from termination of lease contract	-	650
<b>TOTAL EXCEPTIONAL ITEMS</b>	<b>-</b>	<b>(98)</b>

In 2015/16, an exceptional credit was received following the negotiated exit from a retail location where the landlord paid compensation, for the release of certain lease obligations, of £650,000.

An exceptional charge of £748,000 was incurred in respect of property dilapidations. As a result of the portfolio of stores increasingly moving away from the high street and towards shopping centres and retail parks, we refined our estimation technique for calculating the dilapidation provision in 2015/16.

Given this change in estimate and the unusually high number of dilapidation claims received in 2015/16 there was a large dilapidations charge to the income statement. While dilapidation claims are generally part of the underlying operations of the business, the size of the charge to the income statement in the prior year means that this meets our definition of an exceptional item.

## 6. Taxation

Corporation tax is calculated at a rate of 20% (2015/16: a blended rate of 20.16% of the profit chargeable to taxation for the year.)

TAXATION RECOGNISED IN THE INCOME STATEMENT IS AS FOLLOWS:		
	2016/17	2015/16
GROUP - CONTINUING OPERATIONS	£'000	£'000
Current tax charge		
Current period	2,104	1,563
Adjustment for prior periods	(80)	(105)
	<b>2,024</b>	<b>1,458</b>
Deferred tax charge / (credit)		
Current period	(406)	(169)
Adjustment for prior periods	(77)	23
Effect of change in tax rate on opening deferred tax balances	82	(73)
	<b>(401)</b>	<b>(219)</b>
<b>Total taxation charge in the income statement</b>	<b>1,623</b>	<b>1,239</b>

FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD		
	2016/17	2015/16
GROUP - CONTINUING OPERATIONS	£'000	£'000
Profit on ordinary activities before tax	7,146	5,844
Profit before tax multiplied by rate of corporation tax in the UK of 20% (2015/16: 20.16%)	1,429	1,178
Income taxed at different rates in foreign jurisdictions	(48)	(37)
Depreciation on assets not qualifying for capital allowances	303	159
Adjustments in respect to prior periods	(157)	(81)
Impact on share based payments	9	12
Other permanent differences	5	80
Effect in the change of tax rate	82	(72)
<b>Taxation charge for the period</b>	<b>1,623</b>	<b>1,239</b>

## 7. Earnings before interest, tax, depreciation and amortisation (“EBITDA”)

EBITDA as reported in the highlights summary on page 1 is calculated as follows:

	52 weeks to 28 January 2017	52 weeks to 30 January 2016
Profit on ordinary activities before tax and exceptional items	7,146	5,942
Deduct:		
Investment revenues	(48)	(66)
Financial costs	5	51
Add:		
Depreciation of property, plant and equipment	5,905	5,654
Amortisation of intangible assets	801	1,149
Amortisation of compulsory purchase compensation	(203)	(204)
<b>EBITDA*</b>	<b>13,606</b>	<b>12,526</b>

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