MOSS BROS.

GROUP PLC

MOSS BROS GROUP PLC
HALF YEARLY FINANCIAL REPORT
FOR THE 26 WEEKS TO 30 JULY 2016

Continued Strong Progress

Moss Bros Group PLC ("the Group"), the 'first choice for men's tailoring' today announces its Half Yearly Financial Results, covering the 26 week period from 31 January 2016 to 30 July 2016.

The Group's trading performance continues positively, in line with the Board's expectations and the business is well placed to achieve its objectives during the second half.

HIGHLIGHTS

Financial

- Like for like* sales increased 4.9% and total sales of £63.8m were 4.1% up on last year.
- Like for like* retail sales were up 5.3%, including retail e-commerce sales up 7.7%. Like for like* hire sales were up 2.8%.
- Retail gross margin was up 3.3%, due to improved sell through rates, the removal of mid-season sale and more targeted promotional activity. Overall gross margin also increased to 61.9% (HY1 2015: 60.1%).
- Pre-tax profit was up 30% to £3.7m (HY1 2015: £2.8m) and operating profit by 30% to £3.6m (HY1 2015: £2.8m).
- Strong cash performance, with an underlying cash balance of £21.1m at the period end.
- As Moss Bros continues to trade strongly interim dividend increased by 6.1% to 1.91 pence per share (1 August 2015: 1.80 pence per share), in line with the progressive dividend policy.

Operational

- Improvements in brand identity from ongoing store refit programme combined with better defined master and sub-brands, continues to underpin the full price offer and is well received by customers.
- The programme to modernise the store portfolio continues and 7 further stores were completed in the first half (2015 H1: 11 stores). 89 new and refitted stores now trade in the new format, out of a total of 125 stores.
- 3 new stores opened during the half, 1 store relocated and 2 were closed.
- E-Commerce sales continue to increase (+9% vs. H1 LY) as a result of further investment in the retail and hire websites and successful focus on leveraging the existing customer database to drive conversion and average order value. E-Commerce sales now represent 10.3% of total group revenue.
- 'Tailor Me' custom tailoring service launched across the majority of stores with positive customer reaction.
- A Chief Operating Officer and Customer Director joined the business during the half in order to accelerate the development of our strategic goals.

Current trading and outlook

Trading in the 8 weeks to 24 September 2016 has been encouraging, with like for like* sales up 3.7%.
Early responses to the recently launched Autumn/Winter 2016 ranges have been positive.

The Group's trading performance continues positively, in line with the Board's expectations and the business is well placed to make further good progress during the second half.

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

"The half year under review was another period of strong progress for the Company.

Having originally launched the Moss Bros sub brand line up at the start of the Autumn 2014 season, we have ensured that our customer offer is more clearly defined and more closely aligned with our target customer groups. Alongside this, the significant ongoing store refit programme, which will be substantially complete by the end of this financial year, has continued to steadily build equity in the Moss Bros brand.

Early customer response to the new Autumn Winter ranges is positive and like for like* sales continue to show year on year growth. More targeted promotional programmes have continued to drive improvements in our gross margin.

We are pleased with initial customer responses to our 'Tailor Me' personalisation service, a simplified set of bespoke options offering a custom made suit, ready for collection within 30 days of placing an order, reflecting our ability to innovate and improve our overall customer offer.

Improvements in customer conversion and higher average transaction values have underpinned the E-Commerce performance, which also now benefits from a fully responsive website, enabling us to more effectively serve those customers reaching us via mobile devices.

I'd like to thank all of our people for their hard work and commitment in delivering another set of strong results.

The Group's financial performance continues positively and in line with the Board's expectations for the outturn for the year. We are profitable, cash generative and have a strong balance sheet and given our confidence in our performance, we are declaring an interim dividend of 1.91 pence per share, in line with our progressive dividend policy."

For further information please contact

Moss Bros Group plc	**0207 447 7200**
Brian Brick, Chief Executive Officer	
Tony Bennett, Finance Director	
Buchanan	**0207 466 5000**
Charles Ryland/Victoria Hayns/Catriona Flint	

**Like for like represents financial information for stores open during both the current and prior financial periods and compares 26 weeks against 26 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 a cash receipts basis in the period, before adjusting for the movement in the level of hire deposits held.*

INTERIM MANAGEMENT REPORT
FOR THE 26 WEEKS TO 30 JULY 2016

OVERVIEW

Moss Bros Group PLC retails and hires formal wear and fashion products for men, predominantly in the UK, with retail sales comprising 85%, and Hire 15%, of total sales. The Group retails own brand and third party brand menswear through the Moss Bros fascia, and hires formal wear under the Moss Bros Hire brand through its mainstream stores. The Group also trades through the premium Savoy Taylors Guild fascia in a small number of stores.

Sub brands of Moss London, Moss 1851 and Moss Esquire were launched in Autumn 2014. These sub brands, combining with Savoy Taylors Guild, have created an authoritative and complementary customer offer across a range of fits and prices, underpinning our expertise in formalwear, under the Moss Bros master brand.

The 'Tailor Me' personalisation service launched during the period under review and is now available in the majority of stores. It is a simplified set of bespoke options offering a custom made suit, ready for collection within 30 days of placing an order.

REVIEW OF THE FIRST HALF

Profit before tax from continuing operations for the six months to 30 July 2016 was £3.7m, a 30% increase on last year (HY1 2015: £2.8m) due to strong like for like sales and margin growth, benefitting from an increasing contribution from refitted stores, careful and measured promotional activity and online growth.

The business performed well in the first half with strong increases in retail gross margin rates, as a result of ongoing reductions in the level of discounting, particularly the removal of the mid-season sale, facilitated by strong first quarter performance. Refitted stores continued to perform well and enable us to present a more authoritative and more easily navigated customer offer.

E-commerce continued to achieve strong growth through improved visitor conversion and higher average order values. The continued development of new systems and processes along with the increased multi-channel 'bench strength' of our senior teams will support our multi channel customer offer.

Trading performance

Total revenue increased by 4.1% in the six months to 30 July 2016 to £63.8m (HY1 2015; £61.3m). Like for like* retail sales performed well, increasing by 5.3%. Moss Bros Hire maintained its position as the leading brand name in formal hire, recording a like for like* sales increase of 2.8%. Across the Group like for like* sales were up 4.9% in the first half.

Retail gross margin rate was up 3.3%, as the benefits of running more coordinated and targeted promotional campaigns across the business came through, along with improved buying prices. Hire margin rates were more challenged, 5.6% lower resulting from increases in stock retirement rates and increases in processing costs. Overall gross margin rate was 1.8% higher at 61.9% (HY1 2015: 60.1%).

The refit programme to modernise the Moss Bros store portfolio continues and our refitted stores continued to achieve payback targets. 7 stores were refitted in the 26 weeks to 30 July 2016 (2015: 11) and a further 9 stores are scheduled to be refitted in the second half of the financial year. 89 new and refitted stores now trade in the new format and this is continuing to change customers' perception of the business to a modern, multichannel retailer that is also the leading brand in Hire.

In line with our strategy of improving the store portfolio we opened 3 new stores; on Teesside, in Belfast and in Newbury. We also relocated our Hatfield store to a larger, better positioned location in the first half, and closed 2 non-core stores. Moss Bros currently trades from 125 stores. We will continue to improve the store portfolio where locations are found that meet our investment criteria.

Like for like* hire sales were up on 2015 levels by 2.8%. The introduction of Lounge Suits continues to enable us to broaden our hire offer. The second half of the year sees less impact from wedding hire bookings as we move into the more traditional eveningwear season. Although modest in size, we are beginning to see some traction from our online hire offer which achieved on sales (before the adjustment for hire deposits) an increase of 39% versus the first half last year. We will continue to develop our hire proposition and invest in improving our hire systems in order to underpin both product offer and service.

Our online capability continues to grow, with total e-commerce sales up 9% on the previous year. Conversion and average order values continue to improve. Mobile traffic continues to grow strongly and is now 25%, of online sales. A device responsive website was launched at the end of the first half to further extend our online capability and provide a better shopping experience for those using mobile devices. Overall online sales now comprise 10.3% of total Group revenue (FY 2016: 10%).

Our two store pilot in the Middle East is now live with one unit being a mall store and the other a concession unit. This trial allows the potential for further expansion to be evaluated at relatively low risk and cost to the business.

Costs remain tightly controlled with expenditure focussed on areas which support the business's strategic goals. The impact of the National Living Wage is in line with our previous expectations.

Our product supply prices are continually reviewed, with foreign currency exposure, principally US Dollar, relating to approximately only 25% of our product buy. Our USD requirement is already fully hedged for Autumn/Winter 2016 and also for the majority of the Spring/Summer 2017 season as well. As part of our ongoing programme of margin rate improvements, alongside actively monitoring foreign exchange market movement, we will review our sourcing routes and supplier relationships to ensure that we are achieving the best supply prices possible for our product.

The development of our people is key to delivering our ambition of becoming the first choice for men's tailoring. Investment in our people through recruitment, induction, training and development, performance appraisal and performance management will be a corner stone in delivering our strategic goals.

**Like for like represents financial information for stores open during both the current and prior financial periods and compares 26 weeks against 26 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 a cash receipts basis in the period, before adjusting for the movement in the level of hire deposits held.*

FINANCIAL SUMMARY

A summary of the key financial results is set out in the table below.

Key financials **CONTINUING OPERATIONS**	**26 weeks to 30 July 2016 £'000**	26 weeks to 1 August 2015 £'000	52 weeks to 30 January 2016 £'000	
Revenue				
Retail	**54,558**	51,993		103,883
Hire	**9,287**	9,339		17,189
Total revenue	**63,845**	61,332		121,072
Gross profit				
Retail	**32,293**	29,060		58,570
Hire	**7,240**	7,812		13,833
Total gross profit	**39,533**	36,872		72,403
Gross margin %				
Retail	***59.2%***	*55.9%*		*56.4%*
Hire	***78.0%***	*83.6%*		*80.5%*
Total	***61.9%***	*60.1%*		*59.8%*
Administrative expenses (*)	**(3,535)**	(3,471)		(6,146)
Shops' selling and marketing costs (*)	**-**	-	(60,333)	
Shops' selling and marketing costs classified as exceptional	**-**	-	(748)	
Shops' selling and marketing costs total	**(32,385)**	(30,630)		(61,081)
Operating profit	**3,613**	2,771		(5,176)
Other gains and losses	**-**	-	3	
Other gains and losses classified as exceptional	**-**	-	650	
Other gains and losses total	**5**	3		653
Investment revenues	**33**	36		66
Financial costs	**-**	-		(51)
Profit before tax	**3,651**	2,810		5,844
EBITDA (**)	**6,754**	6,187		11,775

* Administrative expenses and shops' selling and marketing costs are not analysed between Retail and Hire.

** EBITDA is earnings before interest, tax, depreciation and amortisation on continuing activities. See Note 6.

DIVIDEND AND DIVIDEND POLICY

The Board has decided to declare an interim dividend of 1.91 pence per share (HY1 2015: 1.80 pence per share) to be paid on 25 November 2016, to shareholders on the register on 28 October 2016 (ex dividend date 27 October 2016).

FINANCIAL POSITION

Net assets increased to £37.3m (1 August 2015: £35.6m).

The daily management of cash remains a focus. The underlying cash position at 30 July 2016 was £21.1m (1 August 2015: £19.0m). Net cash inflow for the six months ended 30 July 2016 was £3.9m. Dividends of £3.8m were paid in the period. The Group continues to meet its day to day working capital requirements through surplus cash balances.

Total net inventory as at 30 July 2016 was £14.6m (1 August 2015: £14.0m). This increase was in line with the increase in revenue.

RELATED PARTY TRANSACTIONS

The Group had no material related party transactions other than on an arm's length basis, which might reasonably be expected to influence decisions made by other users of the condensed set of financial statements. Details of all related party transactions are disclosed in the notes to this Interim Management Report.

RISKS AND UNCERTAINTIES

Details of all potential risks and uncertainties are disclosed in the note 2 of this Interim Management Report.

CAUTIONARY STATEMENT

This Interim Management Report ("IMR") has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. This IMR should not be relied on by any other party or for any other purpose.

This IMR contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this IMR but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

This IMR has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Moss Bros Group PLC and its subsidiary undertakings when viewed as a whole.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

a: the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

b: the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c: the interim management report includes a fair review of the information required by the DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The directors are responsible for maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Moss Bros Group PLC
8 St. John's Hill
London
SW11 1SA

By Order of the Board,

Brian Brick
Chief Executive Officer

Tony Bennett
Finance Director and Company Secretary

MOSS BROS GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 26 WEEKS TO 30 JULY 2016

	26 weeks to 30 July 2016	26 weeks to 1 August 2015	52 weeks to 30 January 2016
	Total	Total	Total
	£'000 (Unaudited)	£'000 (Unaudited)	£'000 (Audited)
CONTINUING OPERATIONS			
Revenue	**63,845**	61,332	121,072
Cost of sales	**(24,312)**	(24,460)	(48,669)
Gross profit	**39,533**	36,872	72,403
Administrative expenses	**(3,535)**	(3,471)	(6,146)
Shops' selling and marketing costs	**(32,385)**	(30,630)	(61,081)
Operating profit	**3,613**	2,771	5,176
Other gains and losses	**5**	3	653
Investment revenues	**33**	36	66
Financial costs	**-**	-	(51)
Profit on ordinary activities before taxation	**3,651**	2,810	5,844
Taxation charge	**(646)**	(659)	(1,239)
Profit from continuing operations after taxation	**3,005**	2,151	4,605
Profit after taxation attributable to equity holders of the parent	**3,005**	2,151	4,605
Other comprehensive income			
Cash flow hedges			
Change in fair value of effective portion	**289**	(613)	(61)
Total comprehensive income	**3,294**	1,538	4,544
Earnings per share			
Basic – continuing	**3.01p**	2.19p	4.65p
Diluted – continuing	**2.93p**	2.07p	4.50p

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS TO 30 JULY 2016

26 Weeks ended 30 July 2016 (Unaudited)	Share capital £'000	Share premium account £'000	Share based payments £'000	Employee benefit trust £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 January 2016	5,040	8,673	775	(682)	630	22,901	37,337
Profit for the period						3,005	3,005
Other comprehensive income:							
Cash flow hedging movement	-	-	-	-	289	-	289
Total comprehensive income					289	3,005	3,294
Dividends paid	-	-	-	-	-	(3,766)	(3,766)
Issue of share capital	-	-	-	-	-	-	-
Credit to equity for equity settled share based payments	-	-	289	-	-	-	289
Exercise of shares held under option	-	-	(459)	-	-	459	-
Movement on deferred tax on share based payments	-	-	(20)	-	-	-	(20)
Movement on current tax on exercise of equity settled share-based payments	-	-	-	-	-	110	110
Sale of shares by employee benefit trust	-	-	-	507	-	(507)	-
SAYE exercise – employee contributors						70	70
Balance at 30 July 2016	**5,040**	**8,673**	**585**	**(175)**	**919**	**22,272**	**37,314**

26 Weeks ended 1 August 2015 (Unaudited)	Share capital £'000	Share premium account £'000	Share based payments £'000	Employee benefit trust £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 January 2015	5,040	8,673	1,224	(1,521)	691	23,347	37,454
Profit for the period	-	-	-	-	-	2,151	2,151
Other comprehensive income:							
Cash flow hedging movement	-	-	-	-	(613)	-	(613)
Total comprehensive income	-	-	-	-	(613)	2,151	1,538
Dividends paid	-	-	-	-	-	(3,511)	(3,511)
Issue of share capital	-	-	-	-	-	-	-
Credit to equity for equity settled share based payments	-	-	107	-	-	-	107
Exercise of shares held under option	-	-	(605)	-	-	605	-
Movement on deferred tax on share based payments	-	-	56	-	-	-	56
Sale of shares by employee benefit trust	-	-	-	605	-	(605)	-
Balance at 1 August 2015	**5,040**	**8,673**	**782**	**(916)**	**78**	**21,987**	**35,644**

52 Weeks ended 30 January 2016 (Audited)	**Share capital**	**Share premium account**	**Share based payments**	**Employee benefit trust**	**Hedging reserve**	**Retained earnings**	**Total equity**
	£'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)
Total comprehensive income	-	-	-	-	(61)	4,605	4,544
Dividends paid	-	-	-	-	-	(5,300)	(5,300)
Issue of share capital	-	-	-	-	-	-	-
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
Sales of shares by employee benefit trust	-	-	-	839	-	(839)	-
SAYE exercise – employee contributors	-	-	-	-	-	220	220
Balance at 30 January 2016	**5,040**	**8,673**	**775**	**(682)**	**630**	**22,901**	**37.337**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JULY 2016

	30 July 2016 £'000 (Unaudited)	1 August 2015 £'000 (Unaudited)	30 January 2016 £'000 (Audited)
Assets			
Intangible assets	**1,546**	1,592	1,796
Property, plant and equipment	**18,807**	18,397	17,187
Leasehold improvements	**1,189**	933	1,016
Deferred tax assets	**1,359**	1,248	1,189
Total non-current assets	**22,901**	22,170	21,188
Inventories	**14,601**	14,015	14,428
Trade and other receivables	**3,241**	3,053	3,013
Cash and cash equivalents	**21,128**	19,026	17,259
Derivative financial instruments	**891**	45	597
Total current assets	**39,861**	36,139	35,297
Total assets	**62,762**	58,309	56,485
Liabilities			
Trade and other payables	**17,348**	15,024	11,603
Provisions	**1,086**	566	1,076
Current tax liability	**858**	576	229
Total current liabilities	**19,292**	16,166	12,908
Other payables	**3,190**	3,117	2,990
Provisions	**1,418**	1,403	1,402
Deferred tax liabilities	**1,548**	1,979	1,848
Total non-current liabilities	**6,156**	6,499	6,240
Total liabilities	**25,448**	22,665	19,148
Net assets	**37,314**	35,644	37,337
Equity			
Issued capital	**5,040**	5,040	5,040
Share premium account	**8,673**	8,673	8,673
Share based payments	**585**	782	775
Employee benefit trust	**(175)**	(916)	(682)
Hedging reserve	**919**	78	630
Retained earnings	**22,272**	21,987	22,901
Equity attributable to equity holders of parent	**37,314**	35,644	37,337

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 26 WEEKS TO 30 JULY 2016

	26 weeks to 30 July 2016 £'000 (Unaudited)	26 weeks to 1 August 2015 £'000 (Unaudited)	52 weeks to 30 January 2016 £'000 (Audited)
Operating activities			
Profit after taxation	**3,005**	2,151	4,605
Adjustments for:			
Taxation charge	**646**	659	1,239
Other gains and losses	**(5)**	(3)	(653)
Investment revenues	**(33)**	(36)	(66)
Net finance costs	**-**	-	51
Amortisation of intangible assets	**413**	787	1,149
Depreciation of property, plant and equipment	**2,830**	2,731	5,654
Amortisation of compulsory purchase compensation	**(102)**	(102)	(204)
Loss on disposal of property, plant and equipment	**303**	58	642
(Increase)/Decrease in inventories	**(173)**	1,721	1,308
Decrease / (increase) in receivables	**(228)**	507	547
Increase / (decrease) in payables	**5,918**	666	(2,215)
Increase/(Decrease) in provisions	**26**	(266)	243
Share-based payments expense	**317**	186	451
Exercise of share options	**(459)**	-	(619)
Exceptional income – lease compensation cash receipt	**-**	-	650
Taxation received / (paid)	**(397)**	(115)	(1,143)
Net cash from operating activities	**12,061**	8,944	11,639
Investing activities			
Interest received	**33**	36	66
Interest paid	**-**	-	(4)
Purchase of intangible assets	**(365)**	(401)	(966)
Purchase of property, plant and equipment	**(4,768)**	(6,277)	(8,645)
Proceeds from the disposal of property, plant and equipment	**145**	-	-
Net cash used in investing activities	**(4,955)**	(6,642)	(9,549)
Financing activities			
Dividends paid	**(3,766)**	(3,511)	(5,300)
Proceeds from the issue of shares	**-**	-	-
Sale of shares by employee benefit trust	**507**	605	839
Excess SAYE receipt between cost and exercise price	**22**	-	-
Net cash used in financing activities	**(3,237)**	(2,906)	(4,461)
Net (decrease)/increase in cash and cash equivalents	**3,869**	(604)	(2,371)
Cash and cash equivalents at beginning of period	**17,259**	19,630	19,630
Cash and cash equivalents at end of period	**21,128**	19,026	17,259

NOTES TO THE CONDENSED SET OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 26 WEEKS TO 30 JULY 2016

1. GENERAL INFORMATION

The results for the 26 weeks ended 30 July 2016 and 1 August 2015 are neither audited nor reviewed by the Group's auditor.

The information for the 52 weeks ended 30 January 2016 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The annual financial statements of Moss Bros Group PLC are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed set of consolidated financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

GOING CONCERN

The Directors are satisfied that the Group and Company have sufficient resources to continue in operation for the foreseeable future, being a period of at least 12 months from the date of approval of this half-yearly report. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly report and financial statements.

The Directors believe the Group is well placed to manage its business risks successfully. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current and anticipated cash resources.

CHANGES IN ACCOUNTING POLICY

The same accounting policies, presentation and methods of computation are followed in this half-yearly report as applied in the Group's latest annual audited financial statements for the 52 weeks ended 30 January 2016.

RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors have revisited and updated the principal risks and uncertainties as published in the annual report for the 52 weeks ended 30 January 2016, which are summarised below:

NOTES TO THE CONDENSED SET OF CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS AREA	RISK TO COMPANY	MITIGATION OF RISK	ASSESSMENT OF CHANGE IN RISK YEAR ON YEAR
Hire	**The Hire business demands the highest level of customer service** This is delivered through a highly developed and efficient infrastructure which enables consistent 'delivery to promise'. Any disruption to this infrastructure would affect our ability to maintain customer service levels.	We have a dedicated customer service team which actively seek to resolve any customer service issues arising. We are continually refreshing and replenishing our stock of hire garments to ensure we are able to cater for all occasions whenever they fall due. We have previously strengthened our market position through the introduction of a new transactional Hire website and back-end system improvements are in development.	The risk is ongoing; however we have expanded our customer service team during the year and have carried a full review of all systems and processes.
Retail and Tailor Me	**Factors outside our control, such as an economic downturn affecting the UK or any wider economic downturn as a result of the vote to leave the EU, may have a material adverse effect on results** As a retail business based and operating predominantly in the UK, we are particularly exposed to any economic downturn in the UK which could affect consumer confidence and therefore spending.	We continually focus on maintaining our product quality, customer service and supplier relationships, whilst retaining our competitive position, including value and pricing. Foreign currency exposure, principally the US Dollar, is hedged for 6 to 9 months in advance and so any short terms currency fluctuations during the EU referendum campaign period have been mitigated.	This risk is little changed as although the economic outlook has gradually improved recently. The macro risks associated with the EU referendum are difficult to quantify until we have further clarity on timelines and approach from both UK government and EU negotiators.
E-Commerce	**Customer satisfaction is as important online as offline** Ease of navigation/ability to transact quickly on the website is key to generating sales online. Maintaining a competitive edge through customers being able to interact with the product online, offering product choice and availability, and allowing multiple payment and delivery options are important in growing our online presence. Ensuring a secure online marketplace is also vital for customers to be able to transact safely.	We are continually developing our website offering in order to become fully multi-channel. Our Retail website has continued to see increases in conversion rates and average order values. We have developed a fully responsive website during the first half which provides a more appropriate browsing experience for the increasing proportion of visitors to the site using mobile or tablet technology. We have security policies, rules and technical measures in place to protect customer data.	With the continuous increase in trade through e-commerce and the market trend on moving to a fully multi-channel operation, the risk has increased during the year.
Brand image	**Maintaining our store presentation is important for attracting customers and growing our brand** The historical underinvestment in the store estate in previous years has meant that some of our stores lack the level of presentation that we require to grow the business and the brand.	We are undergoing a store redevelopment programme to both modernise the look and feel of the stores and to meet more routine maintenance that has been deferred for many years. The development and launch of a new sub brand line up, under the master brand 'Moss Bros', in Autumn 2014 has strengthened the brand identity	The risk has been reduced during the year with the progression of the store redevelopment programme.

BUSINESS AREA	RISK TO COMPANY	MITIGATION OF RISK	ASSESSMENT OF CHANGE IN RISK YEAR ON YEAR
Costs	**Supply chain cost price increases and currency fluctuation could have a materially adverse affect on results** A fluctuation in currency rates could materially affect the Group's cost base and margins. **A re-emergence of general price inflation could affect profitability** Although the outlook for price inflation appears relatively benign, there are areas of concern such as the impact of the 2017 business rates revaluation and the second stage increase following the introduction of the National Living Wage	Management has mitigated the cost price risk as a significant proportion of inventory is direct sourced and prices have been agreed as a result of competitive tendering. In addition, the Group operates a treasury policy which hedges a significant proportion of the foreign exchange risk from such direct sourcing arrangements. Management closely monitor the effectiveness of these arrangements. If general price inflation returns this may allow an increase retail selling prices albeit subject to market conditions Ongoing review of store profitability, combined with shorter lease durations. Remuneration policies are under review to ensure we remain competitive in the marketplace.	The risk is ongoing, however, and is continually monitored and addressed.
Supply chain	**A disruption to supplier continuity may adversely affect our operation** Suppliers going out of business could have a significant impact on our ability to meet demand in store and online.	We are continually reviewing and refreshing our supplier list. The diversification of product buying across a range of suppliers limits the Group's over reliance upon any individual supplier.	The risk is ongoing, however, and is continually monitored and addressed.
Distribution centre (DC)	**Operating our distribution centre from one location leaves the Group exposed to business catastrophes occurring at that location** Any business catastrophe affecting our distribution centre could severely affect the Group's ability to supply to stores and customers.	We continually review and monitor our disaster recovery plan to ensure that all business risks are adequately covered. Our financial risk of operating from one location is mitigated through our comprehensive insurance cover. DC IT systems were upgraded in 2014.	With new and increased operating pressures on the DC through multi-channel, the reliance and consequent exposure to risk of the DC failing has increased during the year.
Cyber crime	**A cyber crime attack could disable the Group's key IT systems and compromise data security**	Customer bank or payment card details are not processed or stored in the Group's IT systems. Comprehensive security measures are in place with regular tests carried out. Development in cyber crime and preventative strategies are constantly reviewed.	Frequency and severity of cyber crime attacks against companies have increased significantly

NOTES TO THE CONDENSED SET OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

BUSINESS AREA	RISK TO COMPANY	MITIGATION OF RISK	ASSESSMENT OF CHANGE IN RISK YEAR ON YEAR
People	**The Group's reliance on key management and other personnel could put pressure on the business if they were to leave** Attracting and retaining high calibre people is a key priority and a central focus in striving for excellent customer service across the Group's business channels.	Effective recruitment policies and people development means the Group can take full advantage of the recovery in its performance. Long term incentive share awards were granted to senior employees during the year to more closely align their interests to those of the Group and a SAYE scheme is in operation.	The risk is ongoing however is continually monitored and addressed.

3. BUSINESS 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 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 of Retail and Hire.

Information regarding the Group's continuing operating segments is reported within the Financial Summary on page 5.

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 Officer 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.

4. TAX

The effective tax rate on the reported profit before tax for the 26 week period to 30 July 2016 is 17.7% (1 August 2015: 23.5%; 30 January 2016: 21.2%), representing the expected average annual effective tax rate for the full year, applied to the pre-tax income of the 26 week period.

5. EARNINGS PER SHARE

Basic earnings per ordinary share is based on the weighted average of 99,992,821 (1 August 2015: 98,134,471; 30 January 2016: 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 £3,005,000 (1 August 2015: £2,151,000; 30 January 2016: 4,605,000).

Diluted earnings per ordinary share is based upon the weighted average of 102,519,282 (1 August 2015: 103,733,646; 30 January 2016: 102,324,496) ordinary shares, which will include the effects of share options, SAYE and shares under the LTIP of 2,526,645 (1 August 2015: 5,599,175; 30 January 2016: 3,239,644), 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	**26 weeks to 30 July 2016 Pence**	26 weeks to 1 August 2015 Pence	52 weeks to 30 January 2016 pence
Total (continuing operations)	**3.01**	2.19	4.65
Continuing operations basic earnings per share	**3.01**	2.19	4.65

Diluted earnings per share	**26 weeks to 30 July 2016 Pence**	26 weeks to 1 August 2015 Pence	52 weeks to 30 January 2016 pence
Total (continuing operations)	**2.93**	2.07	4.50
Continuing operations diluted earnings per share	**2.93**	2.07	4.50

6. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (“EBITDA”)

EBITDA as reported in the Financial Summary on page 5 is calculated as follows:

Continuing activities	**26 weeks to 30 July 2016**	26 weeks to 1 August 2015	52 weeks to 30 January 2016
Profit before tax	**3,651**	2,810	5,844
Deduct:			
Investment revenues	**(33)**	(36)	(66)
Financial costs	**-**	-	51
Add:			
Depreciation of property, plant and equipment	**2,830**	2,731	5,654
Amortisation of intangible assets	**413**	787	1,149
Amortisation of compulsory purchase compensation	**(102)**	(102)	(204)
Other gains and losses	**(5)**	(3)	(653)
EBITDA	**6,754**	6,187	11,775

7. DIVIDENDS

The directors have declared an interim dividend of 1.91 pence per share (HY1 2015: 1.80 pence per share) payable on 25 November 2016 to shareholders on the register on 28 October 2016 with an ex dividend date of 27 October 2016.

8. RELATED PARTY TRANSACTIONS

The Group had no material related party transactions other than on an arm's length basis, which might reasonably be expected to influence decisions made by other users of the condensed set of financial statements.

TRADING TRANSACTIONS

Moss Bros agreed a sublet of a store lease to White Stuff Ltd ("White Stuff"). Debbie Hewitt, Chairman of Moss Bros Group plc, is also Chairman and Director of White Stuff. The transaction was on arms length commercial terms and Debbie Hewitt took no part in determining the commercial terms offered by Moss Bros or in the decision to accept them taken by White Stuff. The sublet is from June 2014 until December 2021 at a rent of £50,000 per year. A capital contribution of £50,000 was paid to White Stuff on completion of the agreement.

At the 30 July 2016 the balance due from White Stuff was £nil in respect of service charges payable in arrears.

Berkeley Burke Trustee Company Limited is considered a related party of the Group because Brian Brick, Chief Executive Officer of Moss Bros Group plc is a beneficiary of the pension fund. On 8 December 2011, Moss Bros Group plc agreed a long term lease with Berkeley Burke Trustee Company Limited, a pension fund and the superior landlord, for a store in Hounslow, on an arm's length basis.

9. SHARE BASED PAYMENTS

In 2009/10 a new equity settled Long Term Incentive Plan (LTIP) was approved by shareholders. During the period to 30 July 2016, under the same 2009/10 LTIP scheme, 879,454 shares were awarded to senior employees on 12 April 2016. In accordance with this plan, the shares are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for the continued employment during the vesting period. The fair value is measured at grant date using the Black Scholes pricing model and recognised over the vesting period. These grants are accounted for in accordance with IFRS 2 'Share-based Payments'.

A Save As You Earn (SAYE) scheme was approved and adopted in 2012/13 and is open to all employees to benefit from the continued growth of the business. During the period to 30 July 2016, a further grant was made.

The amount recorded in the income statement for share based payments under IFRS2 in the period to 30 July 2016 was £317,000 (1 August 2015: £186,000; 30 January 2016: £451,000).

A deferred tax adjustment was recorded in the share-based payment reserve of £20,000 debit in the period to 30 July 2016 (1 August 2015: credit of £56,000, 30 January 2016: debit of £177,000).

The Group used inputs as previously published to measure the fair value of the share options.

10. HALF-YEARLY REPORT

This half-yearly report is available on application from the Company Secretary, Moss Bros Group PLC, 8 St. John's Hill, London SW11 1SA (and on the Company's website www.mossbros.co.uk).