

MOSS BROS GROUP PLC
ANNUAL REPORT & ACCOUNTS 2008/09



CONTENTS

1	Chairman's Statement
2	Directors and Advisors
3	Chief Executive's Business Review
10	Board of Directors
11	Directors' Report
21	Directors' Remuneration Report
25	Statement of Directors' Responsibility in respect of the Annual Report and Accounts
26	Independent Auditors' Report
28	Consolidated Income Statement
28	Consolidated Statement of Recognised Income and Expense
29	Consolidated Balance Sheet
30	Consolidated Statement of Cash Flows
31	Notes to the Financial Statements
47	Company Financial Statements
57	Notice of Annual General Meeting
59	Form of Proxy

CHAIRMAN'S STATEMENT

The Group achieved revenue of £129.7m, a 0.4% fall on the prior period. The financial result was a loss before tax of £9.3m, compared with a loss before tax of £1.4m in the previous period. However, the result for this period was after exceptional items of £4.3m and the adjusted loss before tax excluding these items was £5.0m. Adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and exceptional items) was £1.4m.

The results for the period ended 31 January 2009 represent 53 weeks, compared with 52 weeks for the prior period; on a comparative 53 week basis, like for like sales were behind 3.2% after adjusting for stores opened and closed. The impact of the 53rd week on the loss before tax is immaterial to the overall figure being reported.

The context for the period was one of a deteriorating macro economic environment as the effects of the credit crunch gained greater momentum and the UK economy moved into recession.

As was well publicised the business had the major distraction in the first part of the year of the indicative offer for the Group by Baugur Group hf which ultimately did not progress to a full bid.

There was also considerable internal change at Board level, with the retirement of Keith Hamill as Chairman in June 2008 and my appointment in July 2008. Robert Marsh, Rowland Gee, Bernie Myers and Don McCarthy also resigned as Non-Executive Directors during the period and on 19 January 2009 Philip Mountford stepped down as Chief Executive. I would like to take this opportunity to thank Robert, Rowland, Bernie and Don for their invaluable input throughout the period and to Philip who oversaw the transition of the Group into a recognised suiting specialist.

Appointments were also made during the period with Ciaran McCloskey as Group Trading Director and Brian Brick a Non-executive Director. Brian was appointed acting Chief Executive after Philip Mountford's departure, and was appointed Chief Executive on 19 March 2009. The Board is also in the process of recruiting at least one new Non-Executive Director, the appointment of which will enable the Group to comply with section 1 of the Combined Code.

Following a review of the Group's corporate broking requirements it appointed Altium Capital Limited as its Corporate Brokers. The Group also appointed Buchanan Communications as its Financial Public Relations consultant. An initial decision was taken to change the Group's bank in order to consolidate all banking services, but further due diligence proved that this was best served by retaining Lloyds Banking Group. The Group also changed its Auditor and appointed Deloitte LLP.

Management has taken action to ensure that funding and cash resources have been protected to secure the ongoing business. These actions will continue as we move through the current period, with the depth and length of the UK recession at this stage unclear.

Despite the external and internal factors which have buffeted the business throughout the period, the business is in good shape; no debt, a strong average daily cash balance with a meaningful closing cash balance, strong management and a strategy to see through the recession.

The Board is not proposing a final dividend this year; the total dividend for the year was 1.30 pence, which was paid as a special dividend, the cost of which was £1.2m (2008 – 0.50 pence in total for the period; resulting from the half year dividend, the cost of which was £0.5m). Management believe it is prudent to conserve cash in the current uncertain economic environment.

DAVID ADAMS CHAIRMAN
25 March 2009

DIRECTORS AND ADVISORS

CHAIRMAN

David Adams

EXECUTIVE DIRECTORS

Brian Brick Chief Executive

Michael Hitchcock Finance Director

Ciaran McCloskey Trading Director

NON-EXECUTIVE DIRECTORS

Mark Bernstein

Anthony Bogod Independent Non-Executive Director

SECRETARY

Julia Stephens

REGISTERED NUMBER

134995

REGISTERED OFFICE

8 St John's Hill

London SW11 1SA

REGISTRARS

Capita IRG plc

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

AUDITORS

Deloitte LLP

2 New Street Square

London EC4A 3BZ

CHIEF EXECUTIVE'S BUSINESS REVIEW

OVERVIEW

Despite the trading loss before tax, the Group finds itself in a better position than many retailers. The Group has no debt, an ongoing overdraft facility with its bank and tight working capital control. The Group is run by a strong management team with a strategy to outlive the recession and take full advantage of opportunities evident in this challenging economic environment.

Sensible decisions have been taken to pull back on the capital investment programme in the short term and concentrate on existing capital enhancement programmes relating to the Moss Bros Hire business and contracted franchise store refits.

Maintaining a strong cash balance is critical which will be the case for the foreseeable future; proactive negotiations and discussions with all relevant stakeholders have helped to ensure the average daily cash balance is as high as possible. Open and transparent communication with the key credit insurers has and will continue to ensure minimal risk to the continuity of product supply. During the very challenging fourth quarter the Group utilised its overdraft facility for the first time in four years, albeit for a matter of weeks. The Group expects to have to use the agreed facility again at certain points during the period, but forecasts a robust year end cash position.

BUSINESS REVIEW

STORES

BUSINESS KEY PERFORMANCE INDICATORS

The business maintains very close scrutiny of daily and weekly sales performance by fascia, store and product category; sales revenue is a function of transaction volumes, average selling price (ASP) and units per transaction (UPT). These three measures are under constant review and assessment. Store performance evaluation uses sales per square foot, gross margins, and contribution to monitor key trends and results. During the period a commercial audit of all its stores identified the best practices which will form part of an ongoing programme of store performance enhancement. All data derived from these indicators is used to react and plan current and future events.

MAINSTREAM

The Moss stores set about to clarify their product offering and reduce the range on offer with the effect of protecting retail gross margin. As the period progressed and the market took a marked downturn in the third quarter the level of promotions had an impact on margin performance. Like for like* sales recorded a decline of 4.3%, whilst like for like retail gross margin was in line with last year. The margin performance was enhanced through the careful choice of suppliers across all product categories and the consolidation of volume into fewer suppliers. The Group continues to take Moss away from the highly competitive low price end of the menswear market to offer value and quality.

Expansion Plans

Management has sought to pull back on the expansion plans set out four years ago, in light of the deteriorating macro economy. Three new stores were opened during the period in Swansea, Bolton and Kensington, London; the latter being converted from a Cecil Gee store. One store was also relocated into a more prime retail site. No new stores have been identified for opening in 2009 although the desired locations for new stores identified four years ago still stands. If stores become available in identified locations at both favourable terms and minimal impact on cash flow, management will consider their commercial viability.

* Like for like represents financial information for stores open during the current and prior financial periods and compare 53 weeks against 53 weeks.

CHIEF EXECUTIVE'S BUSINESS REVIEW

CONTINUED

BUSINESS REVIEW CONTINUED

Refits

The strategy for all non-refitted stores across the Moss fascia to undergo a store refit over the next three years remains. The pace and intensity of this refit programme will be dictated by the depth and length of the recession. Three stores were refitted in 2008 and at this stage a similar number are expected to be refitted in 2009.

Factory Outlets

Factory outlets came under greater pressure due to macro economic conditions; inflated fuel prices in the middle of the period curtailed the use of cars and lowered footfall in the out of town locations. High streets sought to regain some of the lost sales in the third and fourth quarter mainly through price reductions which narrowed the price differential between high street and outlets thereby removing the appeal to customers of the factory outlets. Like for like* sales were behind 10.6%. To generate interest and customer attention the outlets sought to offer attractive promotions which lowered like for like retail gross margin by 2.1 percentage points.

Following the success of the Kildare outlet in Southern Ireland, a new outlet was opened just across the border in Northern Ireland. This outlet has also performed well since opening. The strategy for new outlet stores is the same as that laid down four years ago for high street stores but the current conditions for these high street opportunities equally applies to the outlets.

FASHION

Customer demand for big branded fashion product was still very evident throughout the year, but as the year progressed and the recession took hold, customer demand needed some stimulus with some very attractive price offers. The net result saw like for like* sales decline 1.3%, whilst like for like retail gross margin was lower by 1.6 percentage points.

Hugo Boss

The Group now operates 16 Hugo Boss stores in the UK. During the period three new stores were opened in Canary Wharf, Eldon Street London and Lakeside shopping centre; the latter converted from a Cecil Gee store. In addition two stores were refitted in line with the brand franchise agreements. Hugo Boss is an immensely strong global brand which still retains its loyal customer base even in the midst of a recession. The Group works alongside the brand in the UK sharing ideas and initiatives which continue to drive impressive sales figures from this fascia. Three stores will be refurbished in 2009 in accordance with the franchise agreements.

Canali

The continuing success of the Canali retail franchise in the UK led to a second store being opened in Eldon Street, London. There is still further opportunity to expand this brand in the UK with potential new locations identified which, it is hoped, will lead to further openings in the future subject to macro economic constraints. The Group is continually working with this stylish brand to increase the awareness of individuals to its luxury tailoring.

Simon Carter

This English tailoring brand is slowly collecting a band of loyal customers who respect and understand the quality of product and the statement of fashion it makes. The depth and length of the recession in the UK will determine the pace and extent of further expansion, if any, with this recent addition to the Group's franchise business.

Cecil Gee

Cecil Gee came under intense pressure during the third and fourth quarter as the UK and global downturn took hold and customers held back on purchases. The strategy to simplify the product and brand offering and reduce the complexities across the business led to the Group assessing the options for Cecil Gee during the period. Due diligence concluded that the likely sale proceeds from any transaction would not meet the Board's view of valuation. The strategy for Cecil Gee is still being finalised and in the meantime the fascia is being slimmed down to operate from nine stores; four stores were converted to alternative fascia and one store closed at the end of its lease during the period.

HIRE

Moss Bros Hire is the number one recognised brand name in the UK hire market. The brand performed very positively for the first three quarters with the growth of morning wear, highland wear and black tie very apparent; the business recorded its best ever Royal Ascot performance. The fourth quarter however took a marked turn for the worse, predominantly in the hire of black tie formal wear as financial markets dictated the cancellation of significant numbers of black tie events across the country. Like for like* sales recorded an increase of 0.8%.

The investment of £1.8m to introduce a new Hire supply chain infrastructure is progressing well and will be installed in two stages with the aim for it to be fully operational by December 2009. The brand status is planned to grow further in 2009 as the Group proactively looks to expand the School Prom market in this country and pick up market share as more and more independent hire businesses find it increasingly tough to adjust to the UK recession.

INTERNET SHOPPING

Moss.co.uk saw its first full period and the business sought to ensure it has been given the best chance of success by investing appropriately for a new sales channel launch. The foundation has been laid to allow the site to attain a greater number of visitors and facilitate greater numbers of customer conversion.

SUPPLY CHAIN

The business has over the last two periods moved the mix in its product supply source from mainland Europe into China and achieved a greater intake gross margin as a result. The buying team is continually assessing existing suppliers, supply routes and supply options to ensure the most commercially beneficial results for the Group. The onset of higher product costs in the second half of 2009, as the exchange rates around the world turn against Sterling has been planned for. Purchasing unit costs had already been agreed for the first half of 2009 before exchange rates moved adversely.

DISTRIBUTION CENTRE

The efficiency of the distribution centre is continually being challenged to ensure product is moved through it in the most effective manner. The introduction of hire full order make-up in the distribution centre rather than in the stores, has meant a favourable shift in the use of the available space and forced far greater efficiencies to be delivered from other activities.

IMPROVING OPERATIONAL EFFICIENCY

As the retail sector contracts with the ongoing recession, it is vitally important to have all the correct ingredients to grow one's own market share. Customers demand new and fashionable product, looking for value for money and quality as a prerequisite. Having the right environment is imperative for customers to be able to experience the depth of the product offering; the Group has taken great strides in all these

CHIEF EXECUTIVE'S BUSINESS REVIEW

CONTINUED

BUSINESS REVIEW CONTINUED

areas and will continue to do so in the future. All this can be wasted if the Group does not have the quality of staff needed to sell the product, particularly as a specialist product retailer.

Human capital development is at the top of management's list of objectives and it remains a key part of the Group's strategy to develop people within the business. This applies to people at every level and across every function. The totally collaborative approach between all functions to bring stock to the consumer gets enormous focus on a daily basis; there is always room for improvement no matter what level of success is achieved and continuous training takes place to ensure this objective is met. One area of particular focus in the period has been the customer experience in store and to this end mystery shoppers have been used to obtain feedback for the stores; as a direct consequence of this initiative UPT achieved was 2.00 across the entire Group which is an increase of 6% from the prior period.

RISKS AND UNCERTAINTIES

CASH AND FUNDING

Cash and funding are the key risks in the current uncertain macro economic climate made more acute with the lack of liquidity in the UK banking sector. 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 the ongoing banking facilities in place; despite the slowdown in trading during the period the average daily cash balance was still £5.7m. Going forward into 2009 this daily practice is to be maintained.

INVENTORY AND CONTINUITY OF SUPPLY

Demand forecasting, inventory ordering and inventory intake is totally aligned to the cash management focus discussed above. The placing of all orders is subject to diligent product demand forecasting models and ongoing rates of sale of all product lines. The net result of this approach is a 20% reduction in inventory to £15.4m and a 25% reduction in inventory older than twelve months compared to the previous period end. The consolidation of supply into fewer suppliers creates sufficient scale to mitigate the risk of suppliers going out of business in the short to medium term. Negotiations take place regularly with key suppliers regarding rate and payment terms, always mindful of the need for partnership to ensure continuity. Proactive dialogue is maintained with supplier credit insurers to ensure they have the relevant and most current information on which to base their insurance levels.

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 Ireland, which would suit one of the businesses' fascias, and the Group engages property agents to identify opportunities for the development of its store portfolio. In the current macro environment, even more stringent and enhanced financial hurdles are required to be met before any consideration is given to new stores.

STAFF HIRING AND RETENTION

The Group has the reputation for attracting some of the brightest young talent in fashion and it tries to ensure that it not only maintains this attraction but also retains this talent. There is a strong capability, passion and drive at all levels in the business to ensure that the Group will come out of the current recession ideally placed to take full advantage of a recovery.

RETAIL MARKET DOWNTURN

Management is planning for the current period to be tough and challenging and has already prepared the business, where possible. The expected downturn is taken into account in planning the cash flow forecasts for the current period; there are a number of actions which the Group can take to mitigate the impact on cash for any further unexpected market downturns.

FINANCIAL REVIEW

TRADING RESULTS	2008/09		
	1st half	2nd half	Full year
Revenue v last year (like for like)*	-2.6%	-3.8%	-3.2%
% Gross profit	56.0%	51.0%	53.4%
% Gross profit v last year	+0.4%	-2.1%	-0.9%
Adjusted (loss) before taxation and exceptional items	£(1.6)m	£(3.4)m	£(5.0)m
Loss before taxation	£(2.2)m	£(7.1)m	£(9.3)m

* Like for like represents financial information for stores open during the current and prior financial periods and compare 53 weeks against 53 weeks.

The latter part of the third quarter and the majority of the fourth quarter were extremely challenging and mirrored the general state of the UK macro economy. The opportunity to mitigate this scale of sales shortfall with cost reductions in a retail business of this size and with largely fixed operating costs is limited.

REVENUE

The high end price product continued to see increases despite the challenging retail sector in quarters three and four, largely driven by a good end of season sale in the fourth quarter. This is borne out by the full period performance of both Hugo Boss and Canali, which saw like for like* sales increases of 0.4% and 6.3%. Cecil Gee however felt the full brunt of the recession with a like for like* sales decrease of 6.4%.

Moss fared better than the outlets as external factors kept footfall low in the out of town outlet villages. Intense sales training in the Moss stores helped to limit the small reduction in average transaction value by lifting units per transaction by 7%.

GROSS MARGIN

Gross margins for the majority of fascia were ahead approaching the end of the third quarter of the period; this was largely due to improved buying rates and the lower amount of old stock held across the business which did not need to be sold at low prices.

However, as the depth of the recession increased through the end of the third quarter and across the fourth quarter, the need to offer attractive promotions to stimulate customer demand pulled gross margin lower. The net effect for the period was a reduction in pre-exceptional gross margin by 90 basis points compared to the prior period.

CHIEF EXECUTIVE'S BUSINESS REVIEW

CONTINUED

FINANCIAL REVIEW CONTINUED

OPERATING COSTS

Administrative expenses, shops' selling and marketing costs ('operating costs') increased by 7.8% in the period, 5.0% after adjusting for exceptional items. After adjusting for new and closed stores, like for like operating costs in the period increased by 3.8%, despite like for like occupancy costs including rent, rates, service charge and utilities increasing by 4.4%. Cost responsibility is operated across the business with continuous action being taken to mitigate as best as is possible the effects of the recession on reducing cash margins.

EXCEPTIONAL ITEMS

The Group incurred £0.4m of professional fees in relation to the indicative offer made by Baugur Group hf. In addition the changes on the Board have meant costs of £0.4m being incurred. During the period the Group chose to exit from a number of stores which produced a net property related loss of £0.2m. The Group has taken steps to reduce duplication and complexity across certain support functions within the business which led to some redundancies during the period. This strategy of simplifying the business is ongoing and will result in further minimum redundancies. A provision of £0.2m has been made in the accounts to allow for these redundancy costs.

An impairment review of assets under International Accounting Standard 36 has meant a write down in fixed asset values of certain stores amounting to £2.4m; at the same time a detailed review of obsolete inventory provisions has been conducted and as a result the provision for obsolete inventory has increased by £0.6m and the Group now considers the basis of the provision to be more in line with the Group's retail fashion peers. Other exceptional adjustments were made which have resulted in a charge totalling £0.1m. A tax credit of £0.4m is applied to the exceptional items resulting in a total exceptional charge after tax of £3.9m.

TAXATION

The tax credit amounts to £0.3m (2008 – tax credit of nil).

LOSS PER SHARE

Loss per share: 9.48 pence per share compared to 1.44 pence per share last year.

DIVIDEND

The Board is not proposing a final dividend this period (2008 – no final dividend). Management believes it is prudent to conserve cash in the current uncertain economic environment.

INVESTMENT

Capital expenditure in the period was £6.5m (2008 – £7.6m) and depreciation was £7.4m (2008 – £5.7m). This included the opening of six new stores and the refitting or re-branding of twelve stores across all fascias. In addition there was further investment in new Moss Bros Hire inventory of £1.1m (2008 – £1.4m), whilst depreciation on hire inventory was £1.6m (2008 – £1.7m). The total depreciation charge includes a £2.4m exceptional charge (2008 – £0.7m) for retail asset impairments relating to a number of stores.

CASH

Despite the lower trading performance, the period-end cash balance is still £8.1m compared to £15.5m last period. Diligent and controlled working capital management has maintained an average daily cash balance of £5.7m.

INVENTORY

The positive impact on the cash balance of having the right amount of the right inventory in the right place dictates the management of inventory balances in the business. A great deal of diligent and focused effort has gone into reducing the inventory levels by 20% compared to the previous period end, with little or no direct impact on sales; at the same time the extent of stock older than twelve months has been reduced by 25%. The net result is an efficient level of inventory which is far more recent in its mix.

TRADE AND OTHER PAYABLES

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

BRIAN BRICK CHIEF EXECUTIVE

25 March 2009

BOARD OF DIRECTORS

DIRECTORS

David Adams (54) Non-Executive Chairman. Joined the Board as the Non-Executive Chairman on 23 July 2008. He is Executive Chairman of Jessops Plc and a Non-Executive Director of the British Retail Consortium (trading) Limited and the charity Walk the Walk. He was previously Deputy Chief Executive and Group Finance Director of House of Fraser Plc.

Brian Brick (48) Chief Executive. Joined the Board as an Independent Non-Executive Director on 1 September 2008 and was appointed Chief Executive on 19 March 2009 having been acting Chief Executive since 19 January 2009. He was appointed a consultant to the Company in August 2008 and until his appointment as Acting Chief Executive provided the Company with advice on specific areas of the business. He is a Director of Ambleside Consulting Limited. He successfully sold Speciality Retail Company Limited in 2005.

Michael Hitchcock (44) Finance Director. Joined the Board on 11 October 2006 as Finance Director. He was previously Finance Director of Ottakars Plc and held senior financial roles at Rank Company Plc and Diageo Plc.

Ciaran McCloskey (45) Trading Director. Joined the Company in June 2007 as Director of Business Development and Retail Operations for the Moss business. He was appointed Trading Director on 1 September 2008. He was previously Company Trading Director of Mappin and Webb / Watches of Switzerland Company Limited and prior to that held senior positions at Matalan Plc and Burton Company Plc.

Mark Bernstein (49) Non-Executive Director. Joined the Board as a Non-Executive Director on 19 December 2001. A Chartered Accountant who qualified with Ernst & Young, he has sat on quoted company boards for over twenty years, and currently chairs a number of private technology companies.

Anthony Bogod (49) Independent Non-Executive Director. Joined the Board as a Non-Executive Director on 25 May 2007. His other directorships include All Saints Retail Limited. He was previously a partner at BDO Stoy Hayward LLP with whom he worked for 25 years.

AUDIT COMMITTEE OF THE BOARD

A Bogod (Chairman) (appointed
19 January 2009)

D Adams (appointed 23 July 2008)

K Hamill (resigned 20 June 2008)

R Marsh (resigned 27 August 2008)

B Myers (resigned 19 January 2009)

REMUNERATION COMMITTEE OF THE BOARD

A Bogod (Acting Chairman) (appointed
19 January 2009)

D Adams (appointed 23 July 2008)

K Hamill (resigned 20 June 2008)

R Marsh (resigned 27 August 2008)

B Myers (resigned 19 January 2009)

NOMINATION COMMITTEE OF THE BOARD

D Adams (Chairman) (appointed
23 July 2008)

M J Bernstein

A Bogod

K Hamill (resigned 20 June 2008)

R Gee (resigned 25 September 2008)

R Marsh (resigned 27 August 2008)

B Myers (resigned 19 January 2009)

D McCarthy (resigned 18 December
2008)

DIRECTORS' REPORT

The Directors of Moss Bros Group Plc present their Annual Report and audited financial statements for the period ended 31 January 2009. The Group is also required to set out in this report a fair review of the business of the Group during the period ended 31 January 2009 and of the position of the Group at the period end together with a description of the principal risks and uncertainties facing it. The information that fulfils these requirements can be found in the Chairman's Statement, the Chief Executive's Business Review and the Directors' Report.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the retail sale and hire of quality clothing and ancillary goods. A summary of the results for the period ended 31 January 2009 together with comparatives is shown below. A detailed review of the Group's activities and the results are included in the Chief Executive's Business Review.

	53 weeks to 31 January 2009			52 weeks to 26 January 2008		
	Underlying £'000	Exceptional items £'000	Total £'000	Underlying £'000	Exceptional items £'000	Total £'000
Revenue	129,684	-	129,684	130,171	-	130,171
Operating loss	(5,256)	(4,281)	(9,537)	(217)	(1,550)	(1,767)
Financial income	255	-	255	387	-	387
(Loss)/profit before taxation	(5,001)	(4,281)	(9,282)	170	(1,550)	(1,380)
Taxation	(41)	359	318	(62)	90	28
(Loss)/profit after taxation	(5,042)	(3,922)	(8,964)	108	(1,460)	(1,352)

DIVIDENDS

The Board is not proposing a final dividend this period. No interim dividend was paid. However, a special dividend of 1.30 pence per share was paid on 28 July 2008, (2008 – 0.50 pence per share for the period) the cost of which was £1.2m (2008 – cost £0.5m). The special dividend was paid to shareholders following the failed bid for the Group during the period.

SHARE CAPITAL

The authorised and issued share capital of the Company together with the details of the shares issued during the period are shown in note 16 to the accounts. Each share carries the right to one vote at general meetings of the Company.

Section 992 of the Companies Act 2006, which implements the EU Takeovers Directive, requires the Group to disclose certain information. These requirements are dealt with elsewhere in the Annual Report and Accounts, however, the following additional disclosures are required.

The Company's Articles of Association ('Articles') give power to the Board to appoint Directors, but require Directors to submit themselves for election at the first Annual General Meeting following their appointment and for one third of the Board to retire by rotation at each Annual General Meeting. The Articles may be amended by special resolution of the shareholders.

The Board of Directors is responsible for the management of the business of the Group and may exercise all the powers of the Group subject to the provisions of the relevant statutes, the Company's Memorandum of Association and the Articles. The Articles contain specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the issuing and buying back of shares are also included in the Articles and such authorities are renewed by shareholders annually each period at the Company's Annual General Meeting.

DIRECTORS' REPORT

CONTINUED

MAJOR SHAREHOLDINGS

At 23 March 2009, the Company's share register of substantial shareholdings showed the following interests of 3% or more of the Company's shares:

	Number of shares	% of issued share capital
H A Cann Settlement Accumulation and Maintenance Fund	28,349,772	29.99
Laura Ashley Holdings Plc	9,500,000	10.05
Credit Agricole Cheuvreux International	7,634,299	8.08
G S Pitt and P J Moss	6,737,965	7.13

ANNUAL GENERAL MEETING

The Resolutions to be proposed at the Annual General Meeting to be held on 29 May 2009, together with explanatory notes, appear in the Notice of Meeting sent to all Shareholders with a Form of Proxy.

The Directors are of the opinion that the Resolutions to be proposed at the Annual General Meeting are in the interests of the Company's Shareholders as a whole and for reasons explained within this Annual Report they recommend Shareholders to vote in favour of the Resolutions to be proposed at the Annual General Meeting.

GENERAL AUTHORITY TO ALLOT SHARES

A Resolution to renew the Directors' general authority to allot relevant securities in the Company, without having to obtain the prior approval of the Shareholders at a general meeting of the Company prior to each individual allotment, is proposed under Resolution 9 which is contained within the Notice convening the Annual General Meeting. The authority will be in respect of the nominal amount of authorised but unissued share capital which at the date of this Report is £1,273,462 representing 21% of the authorised share capital of the Company and this authority will remain in force until the earlier of the next Annual General Meeting of the Company and 28 August 2010. As at 23 March 2009, the Company did not hold any shares in the Company as treasury shares. At present, the Directors' have no intention to exercise this authority.

DISAPPLICATION OF PRE-EMPTION RIGHTS

Resolution 10, which will be proposed as a special resolution, seeks to renew the authority conferred on the Directors at the last Annual General Meeting to issue equity securities of the Company for cash without first offering them to existing Shareholders in proportion to their existing shareholdings. Other than in connection with a rights or other similar issue (where difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements) the authority contained in this Resolution will be limited to an aggregate nominal value of £236,326 which represents less than 5% of the Company's issued ordinary share capital as at 23 March 2009. The renewed authority will remain in force until the date of the next Annual General Meeting or 28 August 2010, whichever is the earlier. It is a standard resolution for most UK listed companies each year.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the Treasury Shares Regulations) came into force on 1 December 2003, with the result that the requirements of section 89 of the Companies Act 1985 also apply to a sale by the Company of any ordinary shares it holds as treasury shares under the Treasury Shares Regulations, except to the extent these are disapplied. If Resolution 10 is passed then the authority sought and the limits set by this Resolution will disapply the application of section 89 of the Companies Act 1985 from a sale of treasury shares to the extent specified in this Resolution.

In accordance with the Statement of Principles on disapplying pre-emption rights issued by the Pre-Emption Company (which is supported by the Association of British Insurers, the National Association of Pension Funds Limited

and the Investment Managers Association), the Board confirms its intention that no more than 7.5% of the issued share capital will be issued for cash on a non pre-emptive basis during any rolling three period period. The Directors have no present intention of exercising this authority.

AUTHORITY TO BUY IN SHARES

A Resolution, which will be proposed as a special resolution, to renew the Directors' authority to make market purchases of the Company's shares is contained in Resolution 11. The maximum number of shares which may be acquired pursuant to this authority is 9,453,075 which is 10% of the issued share capital of the Company as at 23 March 2009. This authority will expire at the conclusion of the Annual General Meeting in 2010 or 28 August 2010, whichever is the earlier.

The Directors currently have no intention of using their authority to make market purchases. Should this change, and the Directors decide to make market purchases, they will only do so if such market purchases are expected to result in an increase in the Company's earnings per share and are in the best interests of the Company's Shareholders. The Directors must ensure that, any market purchases made, are made at a minimum price of 5 pence per ordinary share or a maximum price equal to either (i) 105% of the average of the middle market quotations for the ordinary shares of the Company (derived from The Stock Exchange Daily Official List) for the five business days prior to the date of purchase, or (ii) the higher of the price of the last independent trade and the highest current independent bid on The London Stock Exchange. If the Directors use their full authority to make market purchases, the Company's shares under option (currently totalling 5,347,082 representing approximately 5.66% of the issued share capital of the Company) will represent an increased percentage of the issued share capital being approximately 6.28% of the issued share capital of the Company.

The Treasury Shares Regulations, which came into force on 1 December 2003, permit the Company to purchase and hold as treasury shares, ordinary shares with an aggregate nominal value not exceeding 10% of the nominal value of the issued ordinary shares of the Company at the relevant time. Shares held in treasury in this manner can be cancelled, sold for cash or, in appropriate circumstances, used to meet obligations under employee share schemes. Any ordinary shares held in treasury would not be eligible to vote nor would any dividend be paid on any such ordinary shares. If any ordinary shares purchased pursuant to the authority in Resolution 11 are not held by the Company as treasury shares then such shares would be immediately cancelled in which event the number of ordinary shares in issue would be reduced.

The Directors believe that it is desirable for the Company to have this choice. Holding repurchased shares as treasury shares gives the Company the ability to re-issue them quickly and cost effectively and provides the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

ARTICLES OF ASSOCIATION

Resolution 12, which is proposed as a special resolution, proposes that the provisions in the Company's Articles of Association concerning electronic communications with Shareholders and Director's authority to deal with conflicts of interest be amended to conform to the new provisions in the Companies Act 2006.

Electronic communication with Shareholders – the proposed changes to the Company's existing articles of association will enable the Company to communicate with Shareholders who have consented or who have deemed to have consented to receive documents electronically, by placing documentation on its website and notifying Shareholders in writing that such documents are available.

Directors' powers to authorise conflicts of interest – under the Companies Act 2006 a Director must avoid a situation where he has or can have a direct or indirect interest which conflicts or may conflict with the Company's interests. The Companies Act 2006 allows the Board to authorise a Director's conflict or potential conflict of interest where

DIRECTORS' REPORT

CONTINUED

ARTICLES OF ASSOCIATION CONTINUED

the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with Director's conflicts of interest to avoid a breach of duty. The resolution amends the Company's existing Articles of Association to give the Directors authority to approve such situations. Only Directors independent of the potential conflict are able to make the relevant decision which must be made in good faith and be most likely to promote the Company's success.

A copy of the current Articles of Association marked to show the change being proposed by this resolution will be available for inspection.

SHAREHOLDER RIGHTS DIRECTIVE

Resolution 13 is required to reflect the proposed implementation in August 2009 of the Shareholder Rights Directive. The regulation implementing this Directive will increase the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an Annual General Meeting) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so after August 2009, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 13 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.

DIRECTORS

The current Directors together with brief biographical details are shown on page 10 of this Annual Report. Particulars of the Director's remuneration and interests in shares of the Company are given in the Director's Remuneration Report on pages 21 to 24.

The Company's Board of Directors has changed significantly during the period.

- K Hamill – Non-Executive Chairman resigned 20 June 2008
- D Adams – Non-Executive Chairman appointed 23 July 2008
- R Marsh – Independent Non-Executive Director resigned 27 August 2008
- R Gee – Non-Executive Director resigned 25 September 2008
- B Brick – Independent Non-Executive Director appointed 1 September 2008 and became Chief Executive on 19 March 2009
- C McCloskey – Trading Director appointed 1 September 2008
- D McCarthy – Non-Executive Director resigned 18 December 2008
- P Mountford – Chief Executive resigned 19 January 2009
- B Myers – Senior Independent Non-Executive Director resigned 19 January 2009

M Hitchcock, A Bogod and M Bernstein served as Directors throughout the period.

Throughout the period the Company held a Directors' and Officers' liability insurance policy.

M Bernstein retires as a Director of the Company by rotation and, being eligible offers himself for re-election at the Annual General Meeting.

Since the date of the last Annual General Meeting, D Adams, B Brick and C McCloskey have been appointed Directors and, therefore, offer themselves for election as Directors of the Company at the Annual General Meeting.

In addition, the Company's major shareholder H. A. Cann Settlement Accumulation and Maintenance Fund ('the Fund'), has requested that a representative of it be appointed to the Board as a Non-Executive Director. This request has the support of certain other significant shareholders. The Board is mindful of potential conflicts of interest which may arise between the Fund, its representative and the Company given the Fund's interest in Berwin Holdings Limited, whose group is a significant supplier to the Company. The Board is therefore putting in place a framework to manage any such conflicts of interests and the changes proposed to the Company's Articles of Association will give the Directors authority to approve a Director's conflict or potential conflict of interest. In view of the level of potential

conflict connected with the appointment of the Fund's representative the Company is proposing to put to shareholders the resolution to appoint the Fund's elected representative, S Berwin. This resolution will be put to shareholders at the Annual General Meeting after the Special Business has been addressed.

Given the above, the Company recognises that it is important to have a strong balance of Independent Directors on the Board. The Company has, therefore, appointed a firm of recruitment consultants to assist the Company with the recruitment of at least one new Independent Non-Executive Director. A short list of potential candidates has been drawn up and initial discussions have taken place. It is hoped the Company will be in a position to strengthen the independency of the Board of Directors shortly.

DIRECTORS' INTERESTS

The beneficial interests and share options of the Directors and their families, who held office at 31 January 2009, in the Company's shares are shown in the table below. Details of share options are also shown in the Directors' Remuneration Report on page 23. There are no ordinary shares in the Company held by the Directors.

	At 31 January 2009		At 26 January 2008*	
	Ordinary shares	Options over ordinary shares	Ordinary shares	Options over ordinary shares
EXECUTIVE DIRECTORS				
M P Hitchcock	-	1,444,169	-	1,444,169
C McCloskey	-	673,684	-	673,684

* Or date of appointment, if later.

Options include interests held under the Approved and Unapproved Executive Share Option Schemes.

No Director has a beneficial interest in the shares of any subsidiary undertaking. There has been no change in the beneficial interests and share options held by the Directors since the balance sheet date. No other Directors have an interest in the Group.

CORPORATE RESPONSIBILITY

The Board recognises its responsibilities in respect of social, environmental and ethical (SEE) matters, with the Chief Executive having overall Board responsibility for Group Environment Management.

The Group's policies on Corporate Responsibility matters are described in the following paragraphs.

ENVIRONMENTAL POLICY

The Group does not operate in a business sector which gives rise to significant pollution, but the Board recognises the business could have an impact on the environment. The Board is committed to managing and improving the ways in which its activities affect the environment.

EMPLOYEES

The Group recognises the benefits of keeping employees informed of the progress of the business and of involving them in the Company's performance. During the year, employees were provided with information about the Group's performance and on other matters of concern to them as employees through newsletters, reports, meetings and conference telephone communications.

It remains the Group's policy to give full and sympathetic consideration to the employment, training, career development and promotion of disabled employees. Special consideration is given to the continuity of employment of any employee becoming disabled after their employment has commenced and, where practicable, to the provision of alternative employment.

DIRECTORS' REPORT

CONTINUED

PAYMENT TO SUPPLIERS

The Group has a formal code which it follows with regard to payment to suppliers. It is the Group's policy to pay its suppliers in accordance with the terms of trade agreed at the time of order with each supplier or to ensure that the supplier is made aware of the standard payment terms.

The Group's and the Company's average credit payment period at 31 January 2009 was 49 days (2008 – 59 days).

CHARITABLE DONATIONS

During the period £2,300 (2008 – £2,680) was donated to charities. No political donations were made during the period (2008 – nil).

CORPORATE GOVERNANCE STATEMENT

The Principles of Good Governance and Code of Best Practice (the "Combined Code"), published in June 1998, were incorporated into the Listing Rules in January 1999. The Combined Code was revised in June 2006, and again in June 2008 but the principles only apply to financial years beginning on or after 29 June 2008. Set out below is a statement of how the Group has applied the principles laid down by the Combined Code.

In the period to 31 January 2009, the Group has not been able to comply with all the provisions set out in section 1 of the Code, primarily because following the resignation of B Myers on 19 January 2009, there has been only one Independent Non-Executive Director, A Bogod. As a result the Group has not been able to comply with A3, B2 and C3 which recommend that a Board should include a balance of Executive and Non-Executive Directors and that the Remuneration and Audit Committees should comprise of at least two Independent Non-Executive Directors, excluding the Chairman. The Board is committed to appointing at least one more Independent Non-Executive Director.

The appointment of Independent Non-Executive Directors is therefore an important focus for the Group and the appointment of recruitment consultants to assist the Group with the appointment of at least one new Independent Non-Executive Director will ensure the balance of Executive, Non-Executive Directors and more importantly Independent Non-Executive Directors is such that no individual or small company of individuals can dominate the Board's decision making. Once the Board has appointed at least one more Independent Non-Executive Director, the Board believes it will be able to comply with the provisions set out in section 1 of the Combined Code.

THE BOARD

The Board of Directors supervises the management of the business of the Group. Details of the Directors are given on page 10. An Executive Committee consisting of the Executive Directors and the Company Secretary is responsible for the day to day running of the Group and operates within a set of specific guidelines laid down by the Board. Senior management reports to the Executive Directors on a daily basis and more formally once a month. The Executive Committee reports to the Board of Directors at each Board Meeting. There is no formal procedure for the evaluation of the performance of the Board. The Board adheres to the accountability and audit principles set out in the Combined Code.

The effectiveness of the Board of Directors is maintained in a number of ways:

- The Board currently includes two Non-Executive Directors plus the Chairman. Under the Combined Code, Chairmen are not generally considered independent for the purposes of considering the make up of the Audit Committee membership. For these purposes, however, the Board considers its Chairman, D Adams, as having many of the attributes of an independent director because of the nature of his responsibilities, his experience and his financial expertise. This judgement has been made in the context of the size of the Group.
- The Board considers Mr A Bogod to be independent in view of his relative independence in relation to the Group's affairs. Furthermore, he has not previously held executive position within the Group nor has any direct business link with current business suppliers.

- The Board is headed by D Adams, the Chairman, and the Board has identified A Bogod as the Senior Independent Non-Executive Director.
- The Directors met seventeen times during the period. There is a schedule of matters reserved for decision by the Board, which includes reviewing the Group's long-term strategy.
- The Company Secretary is responsible for the preparation and distribution of the agenda, minutes and related Board papers. Board papers are sent out several days before meetings take place.

All Directors are subject to retirement by rotation and re-election by the Shareholders in accordance with the Articles of Association, whereby one third of the Directors retire by rotation each period. M Bernstein retires by rotation this year. In addition, all Directors are subject to election by the Shareholders at the first Annual General Meeting following their appointment. D Adams, C McCloskey and B Brick will be subject to election by Shareholders at the Annual General Meeting on 29 May 2009.

The Executive Directors' contracts are in line with the notice periods recommended by the Combined Code, except that, in accordance with normal market practice, the Company reserves the right to offer newly recruited Executive Directors an initial two year notice period which reduces thereafter to one year. Non-Executive Directors are appointed for a maximum initial period of three years and thereafter their continued service is subject to review by the Board.

On joining the Board, Directors are briefed on the Group and its activities and appropriate training is made available. All Directors have access to the advice and services of the Company Secretary and may take independent professional advice at the Group's expense in the furtherance of their duties.

BOARD COMMITTEES

The Board has delegated certain of its responsibilities to Board Committees which operate within clearly defined terms of reference. The performance of the Board is evaluated through discussions with Directors and actions resulting from these discussions are considered by the Board.

The principal committees are:

The Executive Committee meets on a monthly basis and is chaired by the Chief Executive. All Executive Directors together with the Company Secretary are members of the Committee. The Executive Committee operates within terms of reference which set out guidelines within which the Executive Committee should operate and which are approved by the Board.

The Audit Committee meets at least twice a year. During the period under review, the Audit Committee met twice. Since 19 January 2009 the Audit Committee has been chaired by A Bogod. D Adams is also a member of the Audit Committee and the Chief Executive and other Directors are invited to attend. The Company's external Auditors are also invited to attend the meeting as required. The terms of reference governing the Audit Committee state that the Committee quorum must consist of two Non-Executive Directors to include the Chairman of the Audit Committee and at least one Independent Non-Executive Director. The Audit Committee has responsibility for, amongst other things, reviewing the scope and results of the audit, the overview of the Annual Report, considering compliance with legal requirements, accounting standards and overviews the monitoring of the adequacy of the Group's internal controls, accounting policies and financial reporting. It provides a forum through which the Group's external Auditors report to the Board. As the Combined Code states that the Chairman should not be a member of the Audit Committee, the Company recognises this is an area of non-compliance with the Code. The Group also recognises that until the appointment of at least one Independent Non-Executive Director is made, the independence of the Board of Directors and the Board Committees is an area of non-compliance with the Code.

DIRECTORS' REPORT

CONTINUED

CORPORATE GOVERNANCE STATEMENT CONTINUED

BOARD COMMITTEES CONTINUED

The Remuneration Committee is comprised entirely of Non-Executive Directors and is currently chaired by A Bogod. D Adams is also a member of the Remuneration Committee. It meets at least twice a year. During the period under review the Remuneration Committee met three times. The terms of reference governing the Remuneration Committee state that the Committee quorum must consist of two Non-Executive Directors to include the Chairman of the Remuneration Committee and at least one Independent Non-Executive Director. The Remuneration Committee is responsible for making recommendations to the Board, with agreed terms of reference, on the Company's policy on remuneration and the individual remuneration packages for the Executive Directors, including any compensation payments. The remuneration of the Non-Executive Directors is fixed by the Board as a whole. More information is set out in the Directors' Remuneration Report on pages 21 to 24. The Group recognises, that as with the Audit Committee, the membership of the Remuneration Committee is currently an area of non-compliance with the Code.

The Nomination Committee is comprised entirely of Non-Executive Directors and is chaired by D Adams; it meets periodically as required. During the period under review, the Nomination Committee met once. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations with regard to any changes, giving full consideration to succession planning, evaluating the balance of skills, knowledge and experience of the Board. The Nomination Committee assesses and recommends for approval by the Board candidates to fill Board vacancies as they arise. During the period B Brick was appointed to the Board as an Independent Non-Executive Director and subsequent to the period end he has been appointed Chief Executive. C McCloskey was also promoted and appointed to the Board as an Executive Director. An external search agency was not engaged nor was open advertising undertaken in respect of these two appointments as the appointments brought obvious benefits to the Group with their experience in retail and specifically within the menswear retail sector.

The Group has appointed an external search agency to aid with the appointment of at least one Independent Non-Executive Director. The external search agency has been appraised with a brief of the Group's expectations.

The Combined Code recommends that Chairmen do not serve as members of a Board's Audit Committee, although they are generally invited to attend the meetings of that Committee. Given the size of the Company, the make up of its Board, the nature of the Chairman's role in the Group and his previous experience, the Board believes it is in the best interests of the Group for the Chairman to be a member of the Audit Committee. Both the Audit and Remuneration Committees are currently chaired by A Bogod, who is the Senior Independent Non-Executive Director.

The following table shows the number of Board and Committee Meetings held during the period to 31 January 2009 and the attendance record of individual Directors:

	Board Meetings	Audit	Committee Meetings Nomination	Remuneration
Number of Meetings	17	2	1	3
D Adams	6	1	1	2
B Brick	3	1		
M Hitchcock*	15			
C McCloskey	3			
M Bernstein*	13			
A Bogod*	11			
K Hamill	9	1		1
R Gee	11			
D McCarthy	7			
R Marsh	9	1	1	2
B Myers	13	2	1	3
P Mountford	15			

* M Hitchcock, M Bernstein and A Bogod are the only Directors who served throughout the period under review, all other Directors were either appointed or resigned during the period.

COMMUNICATIONS WITH SHAREHOLDERS

The formal channels of communication through which the Board accounts to the Shareholders for the overall performance of the Group are the Annual Report and Accounts and the quarterly announcements made via the London Stock Exchange.

Senior Executives of the Group meet representatives of Institutional Shareholders to discuss their views and to ensure the strategies and objectives of the Group are understood on a regular basis or as requested.

It is the Group's intention that the Chairman of the Audit, Remuneration and Nomination Committees should attend the Annual General Meeting and that Shareholders will have the opportunity to ask questions.

ACCOUNTABILITY AND AUDIT

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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 on page 1 and the Chief Executive's Business Review on pages 3 to 9. The latter describes the financial position of the Group, its cash flows and funding, together with the Group's objectives key risk and uncertainties. The Group's financial risk management objectives and its exposures to credit risk and liquidity risk are described in note 23.

As also highlighted in note 23 to the financial statements, the Group meets its day to day working capital requirements through surplus cash balances and when needed through a £5m uncommitted overdraft facility which is due for renewal on 1 December 2009. The current economic conditions create uncertainty particularly over the level of demand for the Group's products and the availability of bank financing in the foreseeable future.

The Board of Directors has undertaken a recent thorough review of the Group's budgets and forecasts and have 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 facility. The Group will seek to renew the facility with the bank in due course although at this stage has not received any indication that the facility will not be renewed. The Group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

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.

INTERNAL CONTROL

The Directors acknowledge their responsibilities for the Group's system of internal controls and for reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance against losses arising from mismanagement and that the Group's systems must be designed to manage rather than eliminate risk. Internal control and risk management is a defined on-going process. It is designed to identify, evaluate and manage the significant risks faced by the Group. The system of internal control includes internal financial controls, operational

DIRECTORS' REPORT

CONTINUED

CORPORATE GOVERNANCE STATEMENT CONTINUED

INTERNAL CONTROL CONTINUED

procedures, risk management and compliance matters. The system has been in place throughout the period ended 31 January 2009 and up to the date of this Report. The Group has in place a system whereby employees can raise concerns in confidence about possible improprieties.

The Executive Directors review the risks to the business and through the Executive Committee report to the Board and work within a risk management framework for the Group. The risk management framework is agreed and approved by the Board. This identifies business risk and is used to prioritise the actions to be taken by management to address and manage the risks identified. During the period, the Board has reviewed the need for an internal audit department in accordance with the Combined Code. In view of the size and scale of the Group, the Board decided it was not appropriate to expand the current scope of the internal audit function, which focuses on inventory movement and the procedures for moving inventory throughout the business.

The Board is solely responsible for decisions in certain critical areas of the business that include the approval of capital expenditure projects, business plans and forecasts, acquisition and disposal of companies and business development strategies.

The Board has put in place an organisational structure with defined lines of responsibility and authority. Risks are assessed during the annual business planning process. The Group has a system of financial reporting which provides management and the Board with information, including monthly reporting of results, cash flows and capital expenditure and regular forecasting of the annual results.

STATEMENT OF COMPLIANCE WITH THE COMBINED CODE

The Board confirms that it has reviewed the effectiveness of the system of internal controls in accordance with the Turnbull guidance. The Board confirms that it has been in compliance with Section 1 of the Combined Code throughout the period to the date of approval of the financial statements except as disclosed within the Directors' Report on pages 11 to 20.

The Board confirms it has not identified any significant weakness or failings in its internal controls.

AUDITORS

The Group's Auditors, Deloitte LLP, were appointed as auditors to the Group during the period ended 31 January 2009. A resolution will be put to Shareholders at the Annual General Meeting on 29 May 2009 to appoint Deloitte LLP as the Group's Auditors. Deloitte LLP provide the Group with audit and audit related services which are directly linked to their audit work. The Audit Committee will consider, as the situation arises, any recommendation for the Auditors to undertake other services, in particular considering the issue of auditor independence. Deloitte are employed to perform work in addition to their statutory duties where it is felt that they are best placed to carry out the engagement as a result of their being the Group's auditors. All other work is performed on the basis of competitive tender. The Board is satisfied with the objectivity and independence of the external auditor due to the size of the non-audit fee and due to assurances from Deloitte over its policies and procedures to ensure independence from the Group.

In accordance with Section 384 of Companies Act 1985, a Resolution to appointment them as Auditors will be proposed at the Annual General Meeting.

By order of the Board

B BRICK CHIEF EXECUTIVE
25 March 2009

J STEPHENS SECRETARY
25 March 2009

DIRECTORS' REMUNERATION REPORT

This report has been prepared in accordance with Schedule 7A to the Companies Act 1985. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to Directors' remuneration in the Combined Code. As required by Companies Act 1985, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Remuneration Committee is comprised wholly of Non-Executive Directors. The Committee is chaired by A Bogod, and its full membership is detailed on page 10. It meets at least twice a year. During the period under review it met three times.

The Remuneration policy is set by the Board. However the Remuneration Committee determines the remuneration of the Executive Directors. The terms of reference of the Committee, as set by the Board, are to review and agree the terms and conditions of employment of the Executive Directors including the level of remuneration and other benefits. The Remuneration policy aims to align the interests of the Executive Directors and Shareholders. This is achieved by providing a remuneration package comprising of salary and benefits, an annual performance bonus, incentives and pension provision. Salary, benefits and pension provisions are not subject to performance criteria. Any payments made to Executive Directors other than salary are not pensionable.

In determining the level of remuneration for Executive Directors, the Remuneration Committee takes into consideration the need to encourage the enhancement of the Company's performance in the long and short term. It also looks to offer remuneration which will attract and retain Directors of the right calibre and experience and compares the levels of remuneration with the salaries of comparable UK based retailers.

The remuneration policy also covers the level of remuneration within the Group as a whole, particularly annual increases and the need to set targets which give Executive Directors and senior management an incentive to perform at the highest levels.

Details of the Directors' remuneration for the period under review are detailed in the audited table below. These include basic salary, bonuses, fees, benefits in kind and pension contributions.

	Salary, bonuses and fees £'000	Benefits ⁽³⁾ £'000	Total 2009 £'000	Total 2008 £'000	Pension Contributions 2009 £'000	2008 £'000
EXECUTIVE DIRECTORS						
B Brick ^(a) ^(d)	21	–	21	–	–	–
M Hitchcock	⁽¹⁾ 241	2	243	194	28	26
C McCloskey ^(b)	73	18	91	–	9	–
P Mountford ^(c)	643	3	646	335	67	67
NON-EXECUTIVE DIRECTORS						
D Adams ^(d)	42	–	42	–	–	–
A Bogod	25	–	25	17	–	–
M Bernstein	⁽²⁾ 25	–	25	25	–	–
K Hamill ^(d)	27	2	29	82	–	–
R Marsh ^(e)	27	–	27	25	–	–
B Myers ^(d)	30	–	30	31	–	–
D McCarthy ^(d)	25	–	25	17	–	–
R Gee ^(e)	27	–	27	27	–	–
	1,206	25	1,231	753	104	93

(a) B Brick also received a fee of £41,000 through Ambleside Consulting for work he did on behalf of the Group through this Company.

(b) C McCloskey became a Director of the Company on 1 September 2008, the figures shown above are in respect of moneys paid since this date.

(c) P Mountford ceased to be a Director of the Company on 19 January 2009 although he remained an employee of the Company through to the end of the period. The figures shown above include a compensation payment for loss of office of £330,000 all of which was paid after the period end.

(d) B Brick was appointed on 1 September 2008, D Adams was appointed on 23 July 2008. K Hamill resigned on 20 June, B Myers resigned on 19 January 2009 and D McCarthy resigned on 18 December 2008.

(e) R Marsh and R Gee resigned on 27 August 2008 and 25 September 2008 respectively. The figures shown above include a payment of £10,000 which was paid in accordance with their letters of appointment.

(1) Includes a one off payment of £38,000 which was paid in June 2008.

(2) This is paid as a fee, all other moneys are paid as salary unless expressed otherwise above.

(3) Benefits include the use of a Company car, clothing allowance and medical insurance.

DIRECTORS' REMUNERATION REPORT

CONTINUED

ANNUAL PERFORMANCE BONUS

The Annual Bonus Scheme is reviewed on an annual basis. As a result, each Executive Director has the opportunity to receive an annual bonus, if performance criteria are met. These criteria are re-set each financial period. The performance criteria for the period under review were based on the Group's profit on ordinary activities before taxation, excluding unbudgeted exceptional non-operating items. Each Executive Director had the opportunity to receive a bonus of up to a maximum of 60% of salary depending on demanding targets. The achievement of these targets triggers bonuses as a percentage of basic salary up to the capped maximum. There is no intention to change the bonus policy during the current financial period, although performance criteria are re-set each financial period. During the period under review, no bonus was awarded to the Directors under the arrangement.

SHARE OPTIONS AND RETENTION PLAN

Information on the share options held by each Director is shown on page 23. The options granted under the Executive Share Option Scheme may be exercised between three and ten years after the date of grant, subject to the performance criteria being achieved. The performance criteria is based either on a growth in the basic earnings per share of the Group of 4 pence per share in the year ended 29 January 2005 for those Executive Share options granted in 2001 or on a compound growth in basic earnings per share of the Company which varies from 10% compound growth for those Executive Share Options granted in 2006 to 20% compound growth for those Executive Share options granted in 2007. Conditions apply equally to all participating Directors.

All Executive Share Option Scheme grants made during the period were granted under the 2006 Approved or the Unapproved Executive Share Option schemes, which were approved by shareholders at an Extraordinary General Meeting on 29 March 2006. Under the rules of these two schemes, challenging performance conditions are applied based on annual growth in earnings per share. Options will vest on a change of control under these two schemes. There were no options granted to any Director under either the 2006 Approved or Unapproved Executive Share Option schemes during the period. Details of all outstanding options granted to Directors are shown on page 23.

The Remuneration Committee reviews the Share Option Schemes and incentive schemes to ensure they reward employees and motivate the Executive Directors to the benefit of shareholders, Directors and employees alike.

A retention plan, which was put in place for P Mountford and which was approved by shareholders at an Extraordinary General Meeting on 29 March 2006 fell away on 19 January 2009 when P Mountford left the Company without any payments being made under the retention plan. The 300,000 Ordinary Shares of 5 pence each purchased by the Group in 2006 to meet its commitment to P Mountford and which are held in Trust remain within the Trust and will be used to support a future scheme.

The audited table below details movements in the options granted to Directors who held office during the period to 31 January 2009.

	At 27 January 2008	Granted	Lapsed	At 31 January 2009	Exercise price (pence)	Earliest date of exercise	Expiry date
M Hitchcock							
UNAPPROVED EXECUTIVE SHARE OPTION SCHEME							
	686,274	-	-	686,274	76.50	16.10.2009	15.10.2016
	694,895	-	-	694,895	47.50	07.11.2010	06.11.2017
APPROVED EXECUTIVE SHARE OPTION SCHEME							
	63,000	-	-	63,000	47.50	07.11.2010	06.11.2017
	1,444,169	-	-	1,444,169			
C McCloskey							
UNAPPROVED EXECUTIVE SHARE OPTION SCHEME							
	610,684	-	-	610,684	47.50	07.11.2010	06.11.2017
APPROVED EXECUTIVE SHARE OPTION SCHEME							
	63,000	-	-	63,000	47.50	07.11.2010	06.11.2017
	673,684	-	-	673,684			

As disclosed in the Director's Remuneration Report for the year ended 26 January 2008, P Mountford continues to have share options over 3,115,586 shares at exercise prices between 35.50 pence and 83.25 pence. In accordance with the rules of the Unapproved and Approved Executive Share Option Schemes and the compromise agreement between the Group and P Mountford all these options will lapse no later than 18 January 2010. No further share options were granted during the current period.

The market price of the Company's shares during the period ranged from 11.25 pence to 51.25 pence. At 31 January 2009 the mid market price was 16.25 pence.

PENSIONS

The Company operates a Group Personal Pension Plan which is open to all eligible employees to which Executive Directors may belong. Alternatively, the Company will contribute at an agreed contribution rate to a Director's personal pension arrangement. The Company's contribution for Directors is calculated on basic salary at various rates up to a maximum of 15.0%. Due to the nature of the Company Pension Plan, no pension entitlement is guaranteed.

SERVICE CONTRACTS

The Executive Director's contracts are in line with the notice periods recommended by the Combined Code, except that in accordance with normal market practice, the Company reserves the right to offer newly recruited Executive Directors an initial two year notice period which reduces thereafter to one year. Provision for compensation for loss of office is included in the contracts.

Details of the contracts currently in place for Executive Directors who have served during the period are as follows:

	Date of contract	Unexpired term and and notice period	Provision for compensation
M Hitchcock	03.10.2006	6 months	The Company is entitled to terminate the Executive Directors' employment on no notice or less than full notice and to pay basic salary in lieu of any period of notice.
C McCloskey	23.04.2007 (at point of joining company)	6 months	

DIRECTORS' REMUNERATION REPORT

CONTINUED

SERVICE CONTRACTS CONTINUED

The Chairman and the Non-Executive Directors do not have service contracts. They are appointed for an initial period of between one year and three years which may be extended for a further term by mutual consent. The initial appointments and any subsequent re-appointment are subject to election or re-election by Shareholders. The appointment of Non-Executive Directors may be terminated on six months' notice from either side.

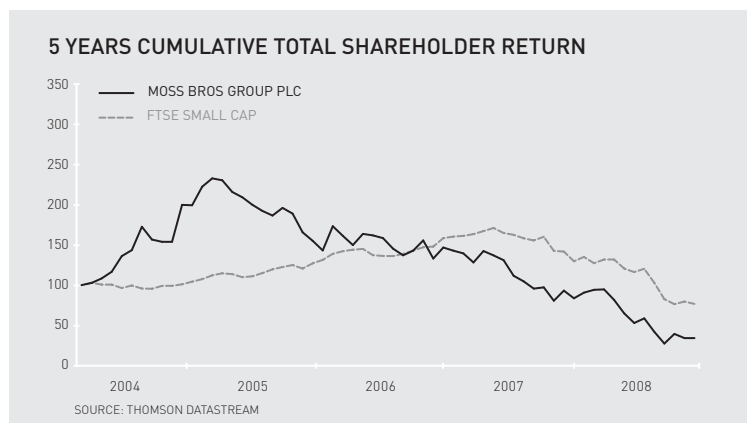
	Date of letter of appointment
D Adams	15.07.2008
M Bernstein	29.06.2006
A Bogod	25.05.2007
B Brick	20.08.2008

EXTERNAL APPOINTMENTS

The Group believes there are benefits to the individual and the Group from Executive Directors accepting non-executive directorships in other organisations. Each Executive Director may accept a non-executive directorship provided it does not conflict with the Group's interests. The Executive Directors may retain the fees from their external directorships.

TOTAL SHAREHOLDER RETURN

The graph below shows the total cumulative shareholder return of the Group since 1 February 2004. The index selected was the FTSE Small Capitalisation as this was the index of which the Group was a constituent for most of the period shown.



ANNUAL RESOLUTION

Shareholders will be given the opportunity to approve the Remuneration Report at the Annual General Meeting (resolution 2) on 29 May 2009.

AUDIT REQUIREMENTS

Within the Remuneration Report, the sections on Emoluments, and Directors' interests and share ownership requirements, on pages 21 to 24 inclusive, are audited. All other sections of the Remuneration Report are unaudited.

By order of the Board
J STEPHENS SECRETARY
25 March 2009

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. The Directors are required by the IAS Regulations to prepare the Group Financial Statements under IFRS ("IFRS") as adopted by the European Union. The Group Financial Statements are also required by law to be properly prepared in accordance with the Company Act 1985 and Article 4 of the IAS Regulations.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standard Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and Applicable Law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 1985.

The Directors are responsible for the maintenance and integrity of the Group website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

1. the Group's financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
2. the Company's financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
3. the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

B BRICK CHIEF EXECUTIVE
25 March 2009

M HITCHCOCK FINANCE DIRECTOR
25 March 2009

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MOSS BROS GROUP PLC

We have audited the Group and parent company financial statements (the 'financial statements') of Moss Bros Group Plc for the 53 weeks ended 31 January 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated Statement of Recognised Income and Expense and the related notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements and the Directors' Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive's Business Review that is cross referred from the Principal Activities section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group and parent company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 January 2009 and of its loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 January 2009;
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

As explained in Note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board. In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the statement of the Group's affairs as at 31 January 2009 and of its loss for the period then ended.

DELOITTE LLP

CHARTERED ACCOUNTANTS AND REGISTERED AUDITOR

London, United Kingdom

25 March 2009

CONSOLIDATED INCOME STATEMENT

FOR THE 53 WEEKS ENDED 31 JANUARY 2009

	53 weeks to 31 January 2009			52 weeks to 26 January 2008		Total (re-presented note 1) £'000
	Underlying (note 1) £'000	Exceptional items (note 1&6) £'000	Total £'000	Underlying (re-presented note 1) £'000	Exceptional items (re-presented note 1&6) £'000	
REVENUE	129,684	-	129,684	130,171	-	130,171
Cost of sales	(60,481)	(600)	(61,081)	(59,467)	-	(59,467)
GROSS PROFIT/(LOSS)	69,203	(600)	68,603	70,704	-	70,704
Administrative expenses	(5,612)	(990)	(6,602)	(5,361)	(300)	(5,661)
Shops' selling and marketing costs	(68,847)	(2,691)	(71,538)	(65,560)	(1,250)	(66,810)
OPERATING LOSS	(5,256)	(4,281)	(9,537)	(217)	(1,550)	(1,767)
Financial income	4 255	-	255	387	-	387
(LOSS)/PROFIT BEFORE TAXATION	5 (5,001)	(4,281)	(9,282)	170	(1,550)	(1,380)
Taxation	9 (41)	359	318	(62)	90	28
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	18 (5,042)	(3,922)	(8,964)	108	(1,460)	(1,352)
Basic loss per share	10		(9.48)p			(1.44)p
Diluted loss per share	10		(9.48)p			(1.44)p

All revenue and profits relate to the continuing operations of the Group.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE 53 WEEKS ENDED 31 JANUARY 2009

	53 weeks to 31 January 2009 £'000	52 weeks to 26 January 2008 £'000
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	(8,964)	(1,352)

CONSOLIDATED BALANCE SHEET

AS AT 31 JANUARY 2009

	Note	31 January 2009 £'000	26 January 2008 £'000
ASSETS			
Intangible assets	12	1,849	1,904
Property, plant and equipment	13	27,069	28,192
Lease prepayments	13	2,542	2,787
TOTAL NON-CURRENT ASSETS		31,460	32,883
Inventories	14	15,394	19,179
Trade and other receivables	15	6,411	7,752
Cash and cash equivalents	23	8,107	15,541
Current tax asset		44	73
TOTAL CURRENT ASSETS		29,956	42,545
TOTAL ASSETS		61,416	75,428
EQUITY			
Issued capital	16	4,727	4,724
Share premium account	18	8,673	8,666
Retained earnings	18	25,985	36,177
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		39,385	49,567
LIABILITIES			
Other payables	19	2,504	1,290
Deferred tax liabilities	9	3,655	3,897
TOTAL NON-CURRENT LIABILITIES		6,159	5,187
Trade and other payables	20	15,672	20,374
Provisions	21	200	300
TOTAL CURRENT LIABILITIES		15,872	20,674
TOTAL LIABILITIES		22,031	25,861
TOTAL EQUITY AND LIABILITIES		61,416	75,428

The financial statements on pages 28 to 46 were approved by the Board of Directors on 25 March 2009 and were signed on its behalf by:

B BRICK CHIEF EXECUTIVE
25 March 2009

M HITCHCOCK FINANCE DIRECTOR
25 March 2009

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 53 WEEKS ENDED 31 JANUARY 2009

	Note	53 weeks to 31 January 2009 £'000	52 weeks to 26 January 2008 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(9,282)	(1,380)
Adjustments for:			
Finance income	4	(255)	(387)
Amortisation of intangible assets	12	516	350
Impairment of property, plant and equipment	13	2,406	670
Depreciation of property, plant and equipment	13	6,113	6,362
Loss on sale of property, plant and equipment	5	18	–
Decrease in inventories		3,785	785
Decrease/(increase) in receivables		1,341	(261)
(Decrease)/increase in payables		(3,588)	2,850
Taxation received		105	–
NET CASH FROM OPERATING ACTIVITIES		1,159	8,989
CASH FLOWS USED IN INVESTING ACTIVITIES			
Finance income	4	255	387
Purchase of intangible assets	12	(461)	(547)
Purchase of property, plant and equipment	13	(7,169)	(8,500)
NET CASH USED IN INVESTING ACTIVITIES		(7,375)	(8,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	11	(1,228)	(1,690)
Proceeds from the issue of shares	18	10	312
NET CASH FROM FINANCING ACTIVITIES		(1,218)	(1,378)
Cash and cash equivalents at beginning of period		15,541	16,590
Decrease in cash and cash equivalents		(7,434)	(1,049)
Cash and cash equivalents at end of period		8,107	15,541

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 31 JANUARY 2009

1. PRINCIPAL ACCOUNTING POLICIES

Moss Bros Group Plc ('the Company') is a public limited company incorporated in Great Britain and domiciled in the United Kingdom. The consolidated financial statements of the Company for the 53 weeks ended 31 January 2009 ('the period') comprise the Company and its subsidiaries (together 'the Group').

BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the group financial statements comply with Article 4 of the EU IAS Regulation. The Company has elected to prepare its parent company accounts under UK Generally Accepted Accounting Practices ('UK GAAP'); these are presented on pages 47 to 56.

The preparation of financial information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting policies are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The financial statements have been prepared on a going concern basis. Refer to page 19 for further details.

The financial statements have been prepared on the historical cost basis except where IFRSs require an alternative treatment. The principal variation from the historical cost basis relates to share-based payments (IFRS 2) – see the accounting policy note.

The Group's significant accounting policies are set out in note 1, together with the judgements made by management in applying these policies, which have the most significant effect on the amounts recognised in the financial statements, apart from those involving estimations, which are dealt with separately in note 2. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements. The estimates and underlying assumptions are reviewed on an on-going basis.

The directors have restated the income statement for the 52 weeks to January 2008 as administrative expenses were overstated by £0.8m and shops selling and marketing costs were understated by £0.8m. There is no impact on loss after taxation nor on net assets arising from this restatement.

The Group and Company financial statements are presented in sterling and all values in tables are rounded to the nearest thousand pounds except when otherwise indicated.

Accounting policies adopted for the period are consistent with those adopted in the financial statements for the 52 weeks ended 26 January 2008. These can be seen via www.moss.co.uk.

CONSOLIDATION

The consolidated Group accounts incorporate the accounts of Moss Bros Group Plc and its subsidiaries, all of which have made up their accounts to 31 January 2009. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions have been eliminated on consolidation.

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 is the date of hire. At this point it is deemed that all risks and rewards have been transferred.

COST OF SALES

Cost of sales includes all costs of purchases and costs incurred in bringing inventories to their present location and condition. Costs of purchase comprise the purchase price, other taxes and transport costs. Inventory write downs are included in cost of sales when recognised.

FOREIGN EXCHANGE

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

LEASES

Leases under the terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in payables. As at 31 January 2009, the Company had no finance leases. All other leases are defined as operating leases.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Premiums paid to acquire short leasehold properties and inducements to enter into a lease are recognised over the lease term. Amounts payable in respect of contingent rents are recognised in the period to which the sales relate.

DIVIDENDS

Dividends are not accrued until approved by Shareholders.

TAXATION

Tax on the loss for the periods presented comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted during the course of the period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences that arise between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

EXCEPTIONAL ITEMS

Certain items do not reflect the Group's underlying trading performance due to their significance and one-off nature, and have been classified as exceptional. Items such as reorganisation and redundancy costs, bid defence costs and store impairments can have a material impact on the absolute amount of and trend in the result for the period. Therefore such items are analysed as exceptional on the face of the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits.

GOVERNMENT GRANTS

Grants/compensation received in respect of expenses incurred are credited to the income statement to match the related expense. Grants/compensation received in respect of capital expenditure incurred are credited to property, plant and equipment and amortised to the income statement over the lives of the related assets.

PENSIONS

Contributions payable to the Group Personnel Pension Plan and other post retirement benefits are charged to the income statement in the period to which they relate. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

SHARE-BASED PAYMENT TRANSACTIONS

The Company has applied the requirements of IFRS 2, Share-based Payments. In accordance with IFRS 1, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The share option plan allows employees to acquire shares in Moss Bros Group Plc, the parent company. The fair values of options granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date, as discussed in note 2, and is expensed over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of options that are expected to vest and adjusted for the effect of non market based vesting conditions.

INTANGIBLE ASSETS

Computer software and the directly related development costs that are not an integral part of the related hardware are classified as an intangible asset and stated at cost less accumulated amortisation. Amortisation is charged on a straight line basis over either 3 years or 6 years.

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated so as to write down on a straight-line basis the cost of non-current assets over their estimated useful lives to their estimated residual values. The rates used are as follows:

Fixtures and fittings	10 years
Computer hardware	5 years
Vehicles	6 years

Hire inventory is written down to nil over its estimated useful economic life of 5 years.

At each balance sheet date, the Company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The Company considers all the assets of a particular store to be one cash generating unit for the purposes of impairment estimate and the related assets of a particular store are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use of a store cash generating unit, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to the recoverable amount. An impairment loss is recognised as an expense immediately.

LEASEHOLD PREPAYMENTS

Leasehold prepayments are written off over the shorter of the period of the lease or the useful economic life on a straight-line basis.

INVENTORIES

Retail inventory is valued at the lower of cost (weighted average by season) and estimated net realisable value. Net realisable value is estimated as discussed in note 2. Volume discounts received and receivable are deducted from the cost of inventories.

PROVISIONS

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and where appropriate the risks specific to the liability.

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this the Board of Directors monitors the balance sheet, working capital, the cash flows and the level of dividends paid to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. At present, key management, do not hold any ordinary shares. Share options have been issued and are outstanding amounting to just under 5.66% of the issued share capital on the assumption that they all vest and are exercised.

There were no changes in the Company's approach to capital management during the period.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

ADOPTION OF NEW AND REVISED STANDARDS

In the current year, two Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 IFRS 2 – Group and Treasury Share Transactions and IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

ADOPTION OF NEW AND REVISED STANDARDS CONTINUED

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (amended)	Share-based Payment – Vesting Conditions and Cancellations
IFRS 3 (revised 2008)	Business Combinations
IFRS 8	Operating Segments
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 23 (revised 2007)	Borrowing Costs
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 32 (amended)/IAS 1 (amended)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC 12	Service Concession Arrangements
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
Improvements to IFRSs (May 2008)	

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for:

- additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009; and
- an amendment to IAS 38 *Intangible Assets* (Improvements to IFRSs (May 2008)). Hire catalogues will only be recognised as a prepayment asset until the date at which the Group has the right to access the goods purchased. Currently, Hire catalogues are recognised as pre-payments and expensed over the period the Hire catalogue is available. The estimated impact that this is expected to have on the group's financial statements when the amendment is adopted is £0.1m.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the above accounting policies, management has made appropriate estimates in many areas and the actual outcome may differ from those calculated. The key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are:

IMPAIRMENT CALCULATIONS

The carrying amount of non-current assets on the balance sheet are dependent on the estimates of future profits and cash flows arising from the Company's operations.

The key assumptions for the value used in calculating any impairment loss referred to in the property, plant and equipment accounting policy note, are regarding expected growth rates to individual stores during the period and discount rates applied to the forecast cash flows. The assumptions have been revised in light of the current economic environment which has resulted in more conservative estimates about the future. Management estimates discount rates using a pre-tax discount rate of 6%. Sales and cost growth rates are based on the management best expectations of future business performance.

As a result an impairment loss of £2,406,000 was recognised for the period ended 31 January 2009 (2008 – £670,000).

SHARE-BASED PAYMENT TRANSACTIONS

The fair values of the options granted that were referred to in the accounting policies note, are measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Details of the assumptions used are set out in note 8. The cumulative amount recorded in the income statement for the period in respect of share-based payment transactions is £nil (2008 – £nil), since the Company do not consider that any of the outstanding share options, which are dependent on non-market related performance conditions, will vest.

INVENTORY PROVISIONS

Net realisable value is the selling price of inventory in the ordinary course of business less estimated selling costs. Provision is made for the estimated obsolescence of old seasons' lines based on historical margin trends and for the estimated loss of inventory from shop theft based on historical data. The provision at 31 January 2009 was £1,102,000 (2008 – £402,000)

The basis of the provision has been changed in the current period which accounts for the majority of the increase.

3. REVENUE AND SEGMENTAL REPORTING

The majority of the Company's turnover arose in the United Kingdom, with the balance from one store in Eire.

Management considers that all revenue derives from the same business segment, being the sale and hire of menswear.

4. FINANCIAL INCOME

	2009	2008
	£'000	£'000
Interest receivable on bank deposits	255	387

5. LOSS ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAXATION

	2009	2008
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging the following:		
Staff costs	26,237	25,968
Depreciation of property, plant and equipment	5,843	6,802
Depreciation of leasehold prepayments	270	230
Amortisation of intangibles	516	350
Operating lease charges		
– land and buildings	24,597	22,981
– other	188	122
Other operating income	(381)	(464)
Fees paid to the Company's current auditors:		
Fees payable to the Company's current auditors for the audit of the Company's annual accounts	83	–
Fees payable to the Company's current auditors for other services to the Company*	22	–
Total audit fees	105	–
Other services provided by the Company's current auditors pursuant to legislation	26	–
Tax services provided by the Company's current auditors	33	–
Total non-audit fees paid to the Company's current auditors	59	–
Total fees paid to the Company's current auditors	164	–
Fees paid to the Company's previous auditors:		
Audit fees paid to the Company's previous auditors for the audit of the Company's accounts	–	92
Non-audit fees paid to the Company's previous auditors for other services to the Company	22	8
Total fees paid to the auditors and its associates related to audit services	22	100
Total fees paid to the Company's current and previous auditors	186	100

* Relates to 2 years of subsidiary accounts.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

6. EXCEPTIONAL ITEMS

	2009	2008
	£'000	£'000
Cost of sales:		
Stock provision adjustment	600	-
Administration expenses:		
Costs arising from Board restructuring	367	-
Redundancy provision	200	300
Bid defence costs	423	-
Total exceptional administration expenses	990	300
Shop selling and marketing costs:		
Other property related losses		
- impairment charge	2,406	670
- cost of exit of leasehold property	185	580
Other	100	-
Total shop selling and marketing costs	2,691	1,250
Tax credit related to exceptional items	(359)	(90)

The income statement for the 52 week period to 26 January 2008 has been re-presented as the directors believe it is more appropriate to separately identify certain items which do not reflect the Group's underlying trading performance. See note 1 for a full explanation for the accounting policy for exceptional items.

7. STAFF NUMBERS AND COSTS

Including Executive Directors, the average monthly number of full-time equivalent staff employed by the Company during the period was as follows:

	2009	2008
	Number	Number
Distribution	108	118
Selling and marketing	935	1,003
Administration	46	52
	1,089	1,173

	2009	2008
	£'000	£'000
The aggregate staff costs recognised in the income statement were as follows:		
Wages and salaries	23,847	23,475
Social security costs	2,031	2,087
Contributions to defined contribution plans	359	406
	26,237	25,968

Directors' emoluments are disclosed within the Directors' Remuneration Report on pages 21 to 24.

8. SHARE BASED PAYMENTS

One equity settled share option grant made prior to 7 November 2002 is outstanding. In accordance with the transitional provisions in IFRS 1 and IFRS 2, the recognition and measurement principles in IFRS 2 have not been applied to these grants. Details about these share options are given in note 16.

On 1 June 2006, 30 October 2006 and 7 November 2007, share options were granted to Directors and senior employees to purchase shares in Moss Bros Company Plc under the Executive Share Option Scheme. During the period to 31 January 2009, a grant was made on similar terms to a senior employee. The share options granted on 1 June 2006 have subsequently lapsed during the period under review. In accordance with these plans, options are exercisable at the market price of the shares at the date of grant. These grants are subject to IFRS 2 as set out in note 1. Prior period expenses in respect of grants in previous periods have been written back and no current period expense has been recognised for either the previous period awards or the current period award.

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Option grant to one Director on 30 October 2006	686,274	Two years of service. Earnings per Share must increase by 10% CAGR* by the vesting date	9 years (7 years after end of vesting period)
Option grant to two Directors and senior employees on 7 November 2007	3,501,316	Three years of service. Earnings per Share must increase by 20% CAGR* by the vesting date	10 years (7 years after end of vesting period)
Option grant to one senior employee on 5 November 2008	244,000	Three years of service. EBITDA to be greater than £8.0m by the vesting date	10 years (7 years after end of vesting period)

*CAGR is compound annual growth rate.

Fair value of share options and assumptions	Oct 2006 grant	Nov 2007 grant	Nov 2008 grant
Fair value at grant date (pence per share)	13.89	11.75	5.22
Share price (pence per share)	76.50	47.50	12.25
Exercise price (pence per share)	76.50	47.50	12.25
Expected volatility (expressed as weighted average volatility used in the modelling under the Black-Scholes model)	13.08%	29%	49.5%
Option life (years)	4	4	4
Expected dividend yield	1.70%	1.70%	nil
Risk-free interest rate (based on national government bonds)	4.75%	4.00%	3.12%

The expected volatility is based on the historic volatility adjusted for any expected change to future volatility.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. TAXATION

	2009	2008
(A) TAXATION RECOGNISED IN THE INCOME STATEMENT IS AS FOLLOWS:	£'000	£'000
Current tax credit		
Current period	–	76
Adjustment for prior periods	(76)	–
	(76)	76
Deferred tax credit	(242)	(104)
Total taxation credit in the income statement	(318)	(28)

	2009	2008
(B) FACTORS AFFECTING THE TAX CREDIT FOR THE PERIOD	£'000	£'000
Loss on ordinary activities before tax	(9,282)	(1,380)
Loss before tax multiplied by blended rate of corporation tax in the UK of 28.33% (2008 – 30%)	(2,630)	(414)
Items not deductible for tax purposes	887	393
Accounting loss on disposal less than taxable gain	–	9
Depreciation on assets not qualifying for capital allowances	904	272
Reversal of previously recognised deferred tax asset	211	–
Adjustment in respect of prior period	(76)	–
Change in enacted UK tax rate	–	(278)
Loss carried backward to prior period	385	–
Other	1	(10)
Tax credit for the period	(318)	(28)

	2009	2008
(C) ANALYSIS OF DEFERRED TAX LIABILITY	£'000	£'000
The deferred tax liability comprises:		
Deferred capital gains	(2,657)	(2,657)
Accelerated capital allowances	(1,841)	(1,357)
Other short-term timing differences	67	117
Group tax loss carried forward	776	–
Deferred tax liability	(3,655)	(3,897)

Deferred tax assets and liabilities have been offset in accordance with the Company's accounting policy. The following is an analysis of deferred tax balances for balance sheet purposes:

	2009	2008
	£'000	£'000
Deferred tax assets	843	117
Deferred tax liabilities	(4,498)	(4,014)
	(3,655)	(3,897)

9. TAXATION CONTINUED

(D) MOVEMENT IN DEFERRED TAX LIABILITY	£'000
Liability at 26 January 2008	(3,897)
Credit for the period	242
Liability at 31 January 2009	(3,655)

10. EARNINGS PER SHARE

Basic loss per ordinary share is based on the weighted average of 94,521,817 (2008 – 94,254,586) ordinary shares in issue during the period (which excludes the shares held by the QUEST and the shares held by a third party on behalf of the Company, as disclosed in note 17) and are calculated by reference to the loss attributable to shareholders of £8,964,000 (2008 – loss of £1,352,000). The weighted average of the Company's ordinary shares used in the calculation of diluted loss per share excludes the effect of options over 8,554,626 (2008 – 5,098,027) that were anti-dilutive for the periods presented but could dilute earnings per share in the future. In the current and prior period the weighted average number of ordinary shares, was not diluted as this would increase the basic loss per share.

11. DIVIDEND

	2009 £'000	2008 £'000
Current half year dividend at nil pence per share for the current period (2008 – 0.5 pence per share)	-	472
Final dividend for the prior period at nil pence per share (2008 – 1.3 pence per share)	-	1,218
Special dividend at 1.30 pence per share (2008 – nil pence per share)	1,228	-
	1,228	1,690

No final dividend has been declared for the period ended 31 January 2009.

12. INTANGIBLE NON-CURRENT ASSETS

(A) MOVEMENTS IN PERIOD

	IT Software £'000
COST OR VALUATION:	
At 26 January 2008	2,409
Additions	461
AT 31 JANUARY 2009	2,870
DEPRECIATION:	
At 26 January 2008	505
Charged in year	516
AT 31 JANUARY 2009	1,021
NET BOOK VALUE:	
AT 31 JANUARY 2009	1,849
At 26 January 2008	1,904

Amortisation charges are recorded within shops' selling and marketing costs.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

13. PROPERTY, PLANT AND EQUIPMENT

(A) MOVEMENTS IN PERIOD

	Freehold land and buildings £'000	Fixtures, vehicles and equipment £'000	Hire inventory £'000	Property, plant and equipment total £'000	Leasehold prepayments £'000
COST OR VALUATION:					
At 26 January 2008	859	70,226	9,912	80,997	6,324
Additions	-	5,816	1,123	6,939	230
Disposals	-	(338)	-	(338)	(130)
AT 31 JANUARY 2009	859	75,704	11,035	87,598	6,424
DEPRECIATION:					
At 26 January 2008	-	46,986	5,819	52,805	3,537
Charged in year	-	4,206	1,637	5,843	270
Impairment charge	459	1,744	-	2,203	203
Disposals	-	(322)	-	(322)	(128)
AT 31 JANUARY 2009	459	52,614	7,456	60,529	3,882
NET BOOK VALUE:					
AT 31 JANUARY 2009	400	23,090	3,579	27,069	2,542
At 26 January 2008	859	23,240	4,093	28,192	2,787

Leasehold prepayments relate to leasehold buildings as the element of land contained in these leases is minimal.

Subsequent to the period end the Group exchanged contracts to dispose of its Maidstone freehold property. The carrying amount of the stores' assets was impaired to align the period end carrying value with its recoverable amount.

13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

(B) COMMITMENTS

Capital commitments for which no provision has been made in the financial statements were as follows:

	2009	2008
	£'000	£'000
Contracted	1,975	1,491

(C) OPERATING LEASES

Total commitments under non-cancellable operating leases are as follows:

	2009		2008	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Payments falling due:				
– within one year	22,354	70	20,947	115
– in the second to fifth year	71,694	63	74,083	161
– over five years	55,735	–	64,755	–
	149,782	133	159,785	276

The majority of these leases are subject to rent review and a small number have contingent rentals payable based on revenue exceeding a minimum amount in the relevant store.

14. INVENTORIES

	2009	2008
	£'000	£'000
Retail inventory	16,496	19,581
Retail inventory provisions	(1,102)	(402)
	15,394	19,179

15. TRADE AND OTHER RECEIVABLES

	2009	2008
	£'000	£'000
Trade receivables	248	347
Other receivables	174	255
Prepayments and accrued income	5,989	7,150
	6,411	7,752

No receivables are due in more than one year.

The Company's exposure to credit risks and impairment losses related to trade receivables is disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

16. SHARE CAPITAL

	2009 £'000	2008 £'000
AUTHORISED:		
120,000,000 ordinary shares of 5 pence each (2008 – 120,000,000)	6,000	6,000
ALLOTTED, CALLED UP AND FULLY PAID:		
Balance at beginning of the period:		
94,479,751 ordinary shares of 5 pence each (2008 – 93,560,636)	4,724	4,678
51,001 ordinary shares of 5 pence each issued during the period pursuant to exercise of share options (2008 – 919,115)	3	46
Balance at end of the period:		
94,530,752 ordinary shares of 5 pence each (2008 – 94,479,751)	4,727	4,724

The average share price of the ordinary shares as at the date of exercise of the above options was 46.75 pence (2008 – 71.15 pence).

	2009		2008	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Options outstanding at the beginning of the period	8,656,058	57.06	4,468,173	67.94
Granted in the period	244,000	12.25	5,480,000	47.50
Exercised in the period	(172,356)	20.00	(919,115)	34.00
Lapsed in the period	(3,380,620)	68.23	(373,000)	103.77
Options outstanding at the end of the period	5,347,082	48.58	8,656,058	57.06
Fully exercisable at the end of the period	915,492	35.50	1,097,848	33.76

The weighted average contractual life of options outstanding is 8.1 years (2008 – 8.0 years).

Savings related share option scheme:

There were no options outstanding in respect of ordinary shares at 31 January 2009.

Executive share option scheme:

Options are outstanding in respect of the following ordinary shares at 31 January 2009:

	Number of ordinary shares	Exercisable option price per share (pence)	Exercisable option dates (calendar year)
	915,492	35.50	2005/2012
	686,274	76.50	2009/2016
	3,501,316	47.50	2010/2017
	244,000	12.25	2012/2018

17. STATEMENT OF CHANGES IN EQUITY

	2009 £'000	2008 £'000
Total equity at beginning of period	49,567	52,297
(Loss) for the period	(8,964)	(1,352)
Dividends paid	(1,228)	(1,690)
Issue of shares	10	312
Net movement in equity during the period	(10,182)	(2,730)
Total equity at end of period	39,385	49,567

As at 31 January 2009 none (2008 – 121,355) of the Company's Ordinary shares were held by the Group's Employee Share Trust ('Quest'). During the period ended 31 January 2009 shares were transferred from the Quest to employees upon the exercise of their SAYE.

The Group has an employee benefit trust which holds 300,000 Shares (2008 – 300,000) in the Company for the benefit of the Group's employees. None of its shares has been allocated to a specific scheme. At 31 January 2009 the shares had a carrying value of £0.2m and a market value of £0.1m. (2008 – carrying value £0.2m and market value of £0.1m). This has been consolidated within retained earnings.

18. RESERVES

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 27 January 2007	4,678	8,400	39,219	52,297
Shares issued	46	266	–	312
Loss after taxation	–	–	(1,352)	(1,352)
Dividends paid	–	–	(1,690)	(1,690)
At 26 January 2008	4,724	8,666	36,177	49,567
Shares issued	3	7	–	10
Loss after taxation	–	–	(8,964)	(8,964)
Dividends paid	–	–	(1,228)	(1,228)
AT 31 JANUARY 2009	4,727	8,673	25,985	39,385

19. OTHER PAYABLES DUE AFTER ONE YEAR

	2009 £'000	2008 £'000
Accruals and deferred income	2,504	1,290

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

20. TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR

	2009	2008
	£'000	£'000
Trade payables (principally sterling denominated)	9,949	13,157
Other payables including taxation and social security	3,539	5,485
Accruals and deferred income	2,184	1,732
	15,672	20,374
Other payables including taxation and social security comprise:		
Other taxes	2,730	3,347
Social security	590	573
	3,320	3,920
Other payables	219	1,565
	3,539	5,485

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

The fair value of the trade and other payables is not materially different to the values disclosed above.

21. PROVISIONS – CURRENT

	2009	2008
	£'000	£'000
At 26 January 2008	300	–
Utilised during the period	(300)	–
Charged in period to the income statement	200	300
AT 31 JANUARY 2009	200	300

The provisions are for redundancies following the restructuring of central functional services. These are expected to be utilised during the course of the coming period.

22. PENSIONS

In May 2008 the Company closed the money purchase pension scheme to new members and opened the Group personal pension plan which is open to Directors and employees. This plan is funded by contributions from employees and from the Company at predetermined rates. On 31 January 2009 the money purchase scheme was wound up. As at 31 January 2009 there are no outstanding contributions (2008 – nil).

23. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

(A) MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

The Company's financial instruments comprise cash and various items such as trade receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to manage the Company's liquidity.

The Company has not entered into any derivative transactions during the period and it is the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks.

CREDIT RISK

Management has a credit policy in place and the exposure to credit risk is maintained on an ongoing basis. At the Balance Sheet date, there were no significant concentrations of credit risk.

The carrying amount of each financial asset represents the maximum credit exposure.

LIQUIDITY RISK

The Company finances its operations primarily through retained profits and has a £5m overdraft facility which is due for renewal on 1 December 2009 to help finance its seasonal working capital requirement, as necessary. The Company's cash position is monitored daily by management and funds are only invested in investments approved by the Board.

23. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

(A) MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

FOREIGN CURRENCY RISK

The Company's policy is to mitigate all currency exposures on purchases by buying the amount of currency required at the time the obligation is known and holding it in a designated bank account until it is needed. The direct foreign currency risk that the Company is exposed to is negligible. The Company also maximises the purchase from sterling denominated suppliers to reduce the risk of exposure to exchange rate fluctuations. The Company does not buy derivatives and therefore there are no outstanding financial instruments as at 31 January 2009 (2008 – nil).

INTEREST RATE RISK

Interest rate risk arises from the variable interest rate on the Company's overdraft facility to finance seasonal working capital requirement and on the variable interest rate on short-term deposits. The Company is not exposed to any other interest rate risk.

(B) FINANCIAL ASSETS

(i) Trade receivables

	Carrying value	
	2009	2008
	£'000	£'000
Trade receivables	248	347

There was no provision for impairment charged to profit in the current period (2008 – £nil) and no individual balance is significant. If the Company believes that a specific balance is irrecoverable, it will be written off. The Company does not require collateral in respect of these financial assets.

(ii) Cash and cash equivalents

	Floating rate financial assets	
	2009	2008
	£'000	£'000
Currency:		
Sterling	8,044	14,958
Other	63	583
Total	8,107	15,541

Cash and cash equivalents generate interest income related to Base Rate plus 10 basis points (2008 – Base Rate plus 10 basis points). The Company has no fixed rate financial instruments. Based on the average daily cash balance, the effective interest rate on financial assets is 4.48% (2008 – 5.1%).

(C) FINANCIAL LIABILITIES

There were no financial liabilities after excluding current trade payables as at 31 January 2009 (2008 – nil).

(D) FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

As at 31 January 2009 and 26 January 2008, there was no material difference between the fair values and book values of the Company's financial assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

24. RELATED PARTY TRANSACTIONS

The Group had no material related party transactions which might reasonably be expected to influence decisions made by users of these Financial Statements. Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 21 to 24. Other related parties are key management (employees below Director level who have authority and responsibility for planning, directing and controlling the Company) and major Shareholders. The key management personnel compensation is as follows:

	2009	2008
	£'000	£'000
Short-term employee benefits	975	1,083
Contributions to defined contribution plans	23	15
	998	1,098

Total remuneration is included in administrative expenses and relates to 11 employees in the period ended 31 January 2009 (2008 – 15).

In the period no Shareholder was paid in respect of consultancy advice (2008 – £12,000). During the period, the Company traded with entities in which another major Shareholder has a significant financial interest. Rents payable to these parties for the 53 weeks ended 31 January 2009 totalled £127,499 (2008 – £135,000). The balance owed by these parties as at 31 January 2009 totalled £56,376 (2008 – £86,000). During the period this major shareholder sold its interest in the Group.

During the period ended 31 January 2009, the Group paid Ambleside Consulting the sum of £41,000 for advice provided by B Brick, a Non-Executive Director of the Group at the time. The Consultancy was provided for a maximum period of six months.

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2009

	Note	31 January 2009 £'000	26 January 2008 £'000
FIXED ASSETS			
Tangible assets	27	32,333	33,757
Investments	28	9,502	9,502
		41,835	43,259
CURRENT ASSETS			
Stocks	29	15,394	19,179
Debtors	30	8,652	9,976
Cash and liquid resources		8,107	15,541
		32,153	44,696
CREDITORS			
Amounts falling due within one year	31	(28,482)	(32,841)
NET CURRENT ASSETS		3,671	11,855
TOTAL ASSETS LESS CURRENT LIABILITIES		45,506	55,114
CREDITORS			
Amounts falling due after one year	31	(2,073)	(1,230)
PROVISIONS	31	(1,198)	(1,756)
NET ASSETS		42,235	52,128
CAPITAL AND RESERVES			
Called up share capital	32	4,727	4,724
Share premium account	33	8,673	8,666
Acquisition reserve	33	4,370	4,370
Profit and loss account	33	24,465	34,368
SHAREHOLDERS' FUNDS	33	42,235	52,128

The financial statements on pages 47 to 56 were approved by the Board of Directors on 25 March 2009 and were signed on its behalf by:

B BRICK CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

25. PRINCIPAL COMPANY ACCOUNTING POLICIES

The following accounting policies, which are in accordance with applicable United Kingdom law and accounting standards and under the historical cost convention, have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements. In accordance with the exemption made available in s230(4) of the Companies Act 1985, a separate profit and loss account, dealing with the results of the Company only, has not been presented. The Company is exempt from the requirement to prepare a cashflow statement in accordance with Financial Reporting Standard Number 1.

The Company made a loss for the 53 week period to 31 January 2009 of £8,675,000 (2008 – loss of £2,865,000).

TURNOVER

Turnover comprises sales to third parties (excluding VAT) and is derived from the retail sale and hire of clothing and ancillary goods. Turnover is recognised on exchange of goods; for the hire of clothing, the exchange of goods is the date of hire. At this point it is deemed that all risks and rewards have been transferred.

COST OF SALES

Cost of sales includes all costs of purchases and costs incurred in bringing stock to their present location and condition. Costs of purchase comprise the purchase price, other taxes and transport costs. Stock write downs are included in cost of sales when recognised.

FOREIGN EXCHANGE

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account.

TANGIBLE FIXED ASSETS

Depreciation is calculated so as to write down on a straight line basis the cost of tangible fixed assets over their estimated useful lives to their estimated residual values. The rates used are as follows:

Fixtures and fittings	10 years
Computer hardware	5 years
Computer software	3 years or 6 years
Vehicles	6 years

Hire stock is written down to nil over its estimated useful economic life of 5 years.

At each balance sheet date, the Company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The Group considers all the assets of a particular store to be one cash generating unit for the purposes of impairment estimate and the related assets of a particular store are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use of a store cash generating unit, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to the recoverable amount. An impairment loss is recognised as an expense immediately.

Leasehold prepayments are written off over the period of the lease on a straight line basis.

INVESTMENTS

Investments are stated at cost, less amounts written off for any impairment in value.

PENSIONS

Contributions payable to the Group Personnel Pension Plan in respect of pension costs and other post retirement benefits are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

STOCKS

Retail stock is valued at the lower of cost (weighted average by season) and estimated net realisable value. Volume discounts received and receivable are deducted from the cost of stock.

TAXATION

Tax on the loss for the periods represented comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted during the course of the that period and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

25. PRINCIPAL COMPANY ACCOUNTING POLICIES CONTINUED

TAXATION CONTINUED

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not discounted.

TRADE DEBTORS

Trade debtors represent amounts due from retailers in respect of concessions from which the Company trades less commissions due.

GOVERNMENT GRANTS

Grants/compensation received in respect of expenses incurred are credited to the profit and loss account to match the related expense. Grants/compensation received in respect of capital expenditure incurred are credited to creditors and amortised to the profit and loss account over the lives of the related assets.

PROVISIONS

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate, which reflects current market assessments of the time value of money and where appropriate the risk specific to the liabilities.

LEASES

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. As at 31 January 2009, the Company had no finance leases. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

SHARE-BASED PAYMENT TRANSACTIONS

The share option plan allows the Company's employees to acquire shares in Moss Bros Group Plc. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of options that are expected to vest and adjusted for the effect of non-market based vesting conditions.

DIVIDENDS

Dividends are not accrued until approved by Shareholders.

26. PROFIT AND LOSS ACCOUNT INFORMATION

(A) STAFF NUMBERS

Including Executive Directors, the average monthly number of full-time equivalent staff employed by the Company during the period was as follows:

	2009	2008
	Number	Number
Distribution	108	118
Selling and marketing	928	1,003
Administration	46	52
	1,082	1,173

(B) DIVIDENDS

	2009	2008
	£'000	£'000
Half period dividend at nil pence per share for the current period (2008 – 0.5 pence per share)	-	472
Final dividend for the prior period at nil pence per share (2008 – 1.3 pence per share)	-	1,218
Special dividend at 1.3 pence per share (2008 – nil pence per share)	1,228	-
	1,228	1,690

No final dividend has been declared for the period ended on 31 January 2009.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

26. PROFIT AND LOSS ACCOUNT INFORMATION CONTINUED

(C) AUDIT FEE

	2009	2008
	£'000	£'000
Fees paid to the Company's current auditors:		
Fees payable to the Company's current auditors for the audit of the Company's annual accounts	83	-
Total audit fees	83	-
Other services provided by the Company's current auditors pursuant to legislation	26	-
Tax services provided by the Company's current auditors	33	-
Total non-audit fees paid to the Company's current auditors	59	-
Total fees paid to the Company's current auditors	142	-
Fees paid to the Company's previous auditors:		
Audit fees paid to the Company's previous auditors for the audit of the Company's accounts	-	92
Non-audit fees paid to the Company's previous auditors for other services to the Company	22	8
Total fees paid to the auditor and its associates related to audit services	22	100
Total fees paid to the Company's current and previous auditors	164	100

27. FIXED ASSETS

	Freehold land and buildings £'000	Leasehold prepayments £'000	Fixtures, vehicles and equipment £'000	Hire inventory £'000	Total £'000
COST OR VALUATION:					
At 26 January 2008	859	6,324	73,663	9,912	90,758
Additions	-	230	6,276	1,123	7,629
Disposals	-	(130)	(337)	-	(467)
AT 31 JANUARY 2009	859	6,424	79,602	11,035	97,920
DEPRECIATION:					
At 26 January 2008	-	3,537	47,645	5,819	57,001
Charged in period	-	270	4,721	1,637	6,628
Impairment charge	459	203	1,744	-	2,406
Disposals	-	(127)	(321)	-	(448)
AT 31 JANUARY 2009	459	3,883	53,789	7,456	65,587
NET BOOK VALUE:					
AT 31 JANUARY 2009	400	2,541	25,813	3,579	32,333
At 26 January 2008	859	2,787	26,018	4,093	33,757

Subsequent to the period end the Group exchanged contracts to dispose of its Maidstone freehold property. The carrying amount of the stores' assets was impaired to align the period end carrying value with a recoverable amount.

Refer to notes 1 and 2 in the Group accounts for details of the impairment charge.

27. FIXED ASSETS CONTINUED

COMMITMENTS

Capital commitments for which no provision has been made in the financial statements were as follows:

	2009	2008
	£'000	£'000
Contracted	1,975	1,491

Annual commitments under non-cancellable operating leases are as follows:

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Annual commitments in respect of operating leases which expire:				
– within one year	1,393	22	413	17
– in the second to fifth year	8,635	48	4,960	98
– over five years	12,272	–	15,574	–
	22,300	70	20,947	115

28. FIXED ASSET INVESTMENTS

	2009	2008
	£'000	£'000
Subsidiary undertakings cost at the beginning of the period	15,351	15,351
Provision at the beginning of the period	(5,849)	(5,849)
Carrying value at the end of the period	9,502	9,502

The Company has one principal subsidiary, Moss Bros (Ireland) Limited, which is registered in Ireland and whose issued share capital is entirely owned by the Company. A full list of subsidiaries will be submitted with the Group's annual return.

29. STOCK

	2009	2008
	£'000	£'000
Retail stock	15,394	19,179
	15,394	19,179

30. DEBTORS

	2009	2008
	£'000	£'000
Trade debtors	248	347
Amounts owed by group undertakings	2,151	2,151
Other debtors	174	255
Tax recoverable	115	73
Prepayments and accrued income	5,964	7,150
	8,652	9,976

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

31. CREDITORS AND PROVISIONS

(A) CREDITORS	2009	2008
	£'000	£'000
Amounts falling due within one year		
Trade creditors	10,184	13,157
Amounts owed to group undertakings	12,555	12,182
Other creditors including taxation and social security	3,574	5,485
Accruals and deferred income	2,169	2,017
	28,482	32,841

Other creditors including taxation and social security comprise:

Other taxes	2,729	3,347
Social security	590	573
	3,319	3,920
Other creditors	255	1,565
	3,574	5,485

Amounts falling due after one year

Accruals and deferred income	2,073	1,230
------------------------------	-------	-------

(B) PROVISIONS

(i) ANALYSIS OF DEFERRED TAX LIABILITY

	2009	2008
	£'000	£'000
The deferred tax liability comprises:		
Accelerated capital allowances	1,841	1,573
Other short-term timing differences	(67)	(117)
Tax loss carried forward	(776)	-
Deferred tax liability	998	1,456

Deferred tax assets and liabilities have been offset in accordance with the Company's accounting policy. The following is an analysis of deferred tax balances for balance sheet purposes:

	2009	2008
	£'000	£'000
Amounts falling due within one year		
Deferred tax asset	(843)	(117)
Deferred tax liability	1,841	1,573
	998	1,456

MOVEMENT IN DEFERRED TAX LIABILITY

	£'000
Liability at 26 January 2008	1,456
Charge for the period	(458)
LIABILITY AT 31 JANUARY 2009	998

31. CREDITORS AND PROVISIONS CONTINUED

(ii) OTHER PROVISIONS

	2009 £'000	2008 £'000
Opening balance	300	–
Utilised in the period	(300)	–
Charged in period to the income statement	200	300
At 31 January 2009	200	300

The provisions are for redundancies following the restructuring of central functional services. These are expected to be utilised during the course of the coming period.

32. SHARE CAPITAL

	2009 £'000	2008 £'000
(A) AUTHORISED:		
120,000,000 ordinary shares of 5 pence each (2008 – 120,000,000)	6,000	6,000
AUTHORISED AND ALLOTTED SHARE CAPITAL		
Authorised:		
120,000 ordinary shares of 5 pence each (2008 – 120,000,000)		
Allotted, called up and fully paid		
Balance at beginning of the period:		
94,479,751 ordinary shares of 5 pence each (2008 – 93,560,636)	4,724	4,678
51,001 ordinary shares of 5 pence each issued during the period pursuant to exercise of share options (2008 – 919,115)	3	46
Balance at end of the period:		
94,530,752 ordinary shares of 5 pence each (2008 – 94,479,751)	4,727	4,724

(B) SHARE OPTIONS

	2009		2008	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Options outstanding at the beginning of the period	8,656,058	57.06	4,468,173	67.94
Granted in the period	244,000	12.25	5,480,000	47.50
Exercised in the period	(172,356)	20.00	(919,115)	34.00
Lapsed in the period	(3,380,620)	68.23	(373,000)	103.77
Options outstanding at the end of the period	5,347,082	48.58	8,656,058	57.06
Fully exercisable at the end of the period	915,492	35.50	1,097,848	33.76

Savings related share option scheme:

There were no options outstanding in respect of ordinary shares at 31 January 2009.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

32. SHARE CAPITAL CONTINUED

(B) SHARE OPTIONS CONTINUED

Executive share option scheme:

Options are outstanding in respect of the following ordinary shares at 31 January 2009:

	Number of ordinary shares	Exercisable option price per share (pence)	Exercisable option dates (calendar period)
	915,492	35.50	2005/2012
	686,274	76.50	2009/2016
	3,501,316	47.50	2010/2017
	244,000	12.25	2012/2018

(C) SHARE BASED PAYMENTS

One equity settled share option grant made prior to 7 November 2002 is outstanding. In accordance with the transitional provisions in FRS 20, the recognition and measurement principles in FRS 20 have not been applied to these grants. Details about these share options are given in note 32B.

On 1 June 2006, 30 October 2006 and 7 November 2008, share options were granted to Directors and senior employees to purchase shares in Moss Bros Company Plc under the Executive Share Option Scheme. During the period to 31 January 2009, a grant was made on similar terms to a senior employee. The share options granted on 1 June 2006 have subsequently lapsed during the period under review. In accordance with these plans, options are exercisable at the market price of the shares at the date of grant. These grants are subject to FRS20 as set out in note 24. Prior period expenses in respect of grants in previous periods have been written back and no current period expense has been recognised for either the previous period awards or the current period award.

The terms and conditions of the grants made during the current and prior period are as follows; all option exercises are settled by physical delivery of shares:

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Option grant to one Director on 30 October 2006	686,274	Two years of service. Earnings per Share must increase by 10% CAGR* by the vesting date	9 years (7 years after end of vesting period)
Option grant to two Directors and senior employees on 7 November 2007	3,501,316	Three years of service. Earnings per Share must increase by 20% CAGR* by the vesting date	10 years (7 years after end of vesting period)
Option grant to one senior employee on 5 November 2008	244,000	Three years of service. EBITDA to be greater than £8.0m by the vesting date	10 years (7 years after end of vesting period)

*CAGR is compound annual growth rate.

32. SHARE CAPITAL CONTINUED

(C) SHARE BASED PAYMENTS CONTINUED

The fair values of services received in return for share options granted to employees is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life of the options (nine or ten years) is used as an input into this model. Expectations of early exercise result in an average option life of four years which has been input into the model.

Fair value of share options and assumptions	Oct 2006 grant	Nov 2007 grant	Nov 2008 grant
Fair value at grant date (pence per share)	13.89	11.75	5.22
Share price (pence per share)	76.50	47.50	12.25
Exercise price (pence per share)	76.50	47.50	12.25
Expected volatility (expressed as weighted average volatility used in the modelling under the Black-Scholes model)	13.08%	29%	49.5%
Option life (years)	4	4	4
Expected dividend yield	1.70%	1.70%	nil
Risk-free interest rate (based on national government bonds)	4.75%	4.00%	3.12%

The expected volatility is based on the historic volatility adjusted for any expected change to future volatility.

The Group has an employee benefit trust which holds 300,000 shares (2008 – 300,000) in the Company for the benefit of the Group's employees. None of its shares has been allocated to a specific scheme. At 31 January 2009 the shares had a carrying value of £0.2m and a market value of £0.1m. (2008 – carrying value £0.2m and market value of £0.1m).

33. RESERVES

	Share capital £'000	Share premium £'000	Acquisition reserve £'000	Retained earnings £'000	Total £'000
At 26 January 2008	4,724	8,666	4,370	34,368	52,128
Shares issued	3	7	–	–	10
Loss after taxation	–	–	–	(8,675)	(8,675)
Dividends paid	–	–	–	(1,228)	(1,228)
At 31 January 2009	4,727	8,673	4,370	24,465	42,235

As at 31 January 2009, nil (2008 – 121,355) of the Group's Ordinary shares were held by the Group's Employee Share Trust ('QUEST'). During the period ended 31 January 2009 shares were transferred from the Group's Employee Share Trust ('QUEST') to employees upon the exercise of the SAYE.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

34. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£'000	£'000
Total equity at beginning of period	52,128	56,371
(Loss) for the period	(8,675)	(2,865)
Dividends paid	(1,228)	(1,690)
Issue of shares	10	312
Net movement in equity during the period	(9,893)	(4,243)
Closing Shareholders' funds	42,235	52,128

35. RELATED PARTY TRANSACTIONS

The Company has no related party transactions to disclose as it is exempt under paragraph 3(c) of Financial Reporting Standard Number 8, from disclosing transactions with companies in which it holds 90% or more of the share capital, apart from the following. In the period no Shareholder was paid in respect of consultancy advice (2008 – £12,000).

	2009	2008
	£'000	£'000
Short-term employee benefits	975	1,083
Contributions to defined contribution plans	28	15
	998	1,098

Total remuneration is included in administrative expenses and relates to 11 employees in the period ended 31 January 2009 (2008 – 15).

During the period ended 31 January 2009, the Group paid Ambleside Consulting the sum of £41,000 for advice produced by B Brick, a Non-Executive Director of the Group at the time. The consultancy was provided for a maximum period of six months.

During the period, the Company traded with entities in which another major Shareholder has a significant financial interest. Rents payable to these parties for the 53 weeks ended 31 January 2009 totalled £127,499 (2008 – £135,000). The balance owed by these parties as at 31 January 2009 totalled £56,376 (2008 – £86,000). During the period this major Shareholder sold its interest in the Group.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninety-sixth Annual General Meeting of Moss Bros Group Plc (the Company) will be held at 8 St. John's Hill, London SW11 1SA on 29 May 2009 at 10 am for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the Directors' Report and Accounts and the Auditors' Report for the period ended 31 January 2009.
2. To approve the Directors' Remuneration Report for the period ended 31 January 2009.
3. To elect D Adams a Director of the Company.
4. To elect B Brick a Director of the Company.
5. To elect C McCloskey a Director of the Company.
6. To re-elect M Bernstein a Director of the Company.
7. To appoint Deloitte LLP as auditors.
8. To authorise the Directors to fix the auditor's remuneration.

SPECIAL BUSINESS

9. (a) To resolve as an ordinary resolution that the Directors shall have unconditional authority to allot (within the meaning of section 80 of the Companies Act 1985) relevant securities (as defined in section 80(2) of the Companies Act 1985) of the Company to such persons, at such times and generally on such terms and conditions as the Directors may determine. The authority hereby conferred shall, subject to Section 80(7) of the Companies Act 1985, be for a period expiring on the earlier of the date of the next Annual General Meeting of the Company and 28 August 2010 unless renewed, varied or revoked by the Company in general meeting and the maximum nominal amount of relevant securities which may be allotted pursuant to such authority shall be £1,273,462.
 - (b) The Directors shall be entitled under the authority conferred by paragraph (a) above of this resolution or under any renewal thereof to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.
10. (a) To resolve as a special resolution that the Directors shall be empowered for a period expiring on the earlier of the date of the next Annual General Meeting of the Company and 28 August 2010 to allot equity securities (within the meaning of sections 94 (2) and 94(3) of the Companies Act 1985) of the Company pursuant to the authority conferred by resolution 9 above as if Section 89(1) of the Companies Act 1985 did not apply to such allotment and the Directors shall be entitled to make at any time prior to the expiry of the power thereby conferred any offer or agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors may allot equity securities pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired, provided that such power shall, subject as aforesaid, cease to have effect when the said authority is revoked or would, if not renewed, expire, but if that authority is renewed, it shall be by a special resolution of the Company passed in general meeting.
 - (b) The power contained in paragraph (a) above of this resolution shall be limited:
 - (i) to the allotment (other than pursuant to sub-paragraph (ii) below) of equity securities up to an aggregate nominal amount of £236,326 for the duration of the aforementioned power; and
 - (ii) to the allotment of equity securities in connection with rights issues or other issues in favour of ordinary Shareholders where the equity securities respectively attributable to the interests of all ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary to deal with any treasury shares, fractional entitlements or with legal or practical problems or the requirements of any regulatory body or stock exchange in any territory by virtue of shares being represented by depository receipts.
11. To resolve as a special resolution that the Directors shall be unconditionally authorised for the purposes of Section 166 of the Companies Act 1985 to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of and to the extent permitted and to the extent the Directors so decide to hold in treasury its own ordinary shares of 5p each on such terms and in such manner as the Directors shall determine, provided that:
 - (i) the maximum aggregate number of ordinary shares hereby authorised to be acquired shall be 9,453,075 ordinary shares;
 - (ii) the minimum price which may be paid for each ordinary share shall be 5p and the maximum price shall be an amount equal to: a) 105% of the average of the middle market quotations for the ordinary shares of the Company (derived from The Stock Exchange Daily Official List) for the five business days prior to the date of purchase; or b) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange; and
 - (iii) the authority hereby given shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company and 28 August 2010 save that the Company may make a purchase of ordinary shares under such authority after such date if the contract of purchase for the same was entered into before such date.
12. To resolve as a special resolution that the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

13. To resolve as a special resolution that a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

ORDINARY BUSINESS

14. To resolve as an ordinary resolution to appoint S Berwin as a Director of the Company.

By order of the Board
J Stephens
Company Secretary
25 March 2009

Registered Office:
8 St. Johns Hill
London
SW11 1SA

NOTES

A copy of the proposed new articles of association of the Company, and a copy of the existing articles of association marked to show the changes being proposed in resolution 12, copies of the Directors' service contracts with the Company and copies of the letters of appointment of the Non-Executive Directors will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public bank holidays excepted) from the date of this notice until 29 May 2009 and also at the place of the meeting for at least 15 minutes prior to and throughout the meeting.

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote in their place. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed. To be effective, the completed and signed Form of Proxy together with the power of attorney or authority, if any, under which it is signed (or a duly certified copy of any such power or authority) must be lodged with the Group's registrars, Capita Registrars at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time of the meeting. Return of a completed Form of Proxy will not preclude a member from attending and voting personally at the meeting.
3. The Company, pursuant to regulation 41(I) of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered on the register of members at 6 pm on the day two days before the date of the meeting (or any adjourned meeting) shall be entitled to attend or vote there at in respect of the number of shares registered in their name at that time and changes to the register thereafter shall be disregarded in determining rights to attend and vote.
4. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a "nominated person") may have a right under an agreement between him and such member to be appointed, or to have someone else appointed, as a proxy for the meeting. If he has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
5. As at 29 March 2009 (being the latest practicable date prior to the printing of this document) (i) the Company's issued share capital consisted of 94,530,752 ordinary shares, all carrying one vote each and (ii) the total voting rights in the Company were 94,530,752.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting to be held on 29 May 2009 and any adjournment(s) thereof utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ('Euroclear') and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. Arrangements will be put in place at the meeting in order to facilitate voting by representatives of members which are corporations on a poll (if required) in accordance with the procedures set out in the Institute of Chartered Secretaries and Administrators' January 2008 guidance note on 'Proxies and Corporate Representatives at General Meetings'.

MOSS BROS GROUP PLC

FORM OF PROXY FOR USE BY SHAREHOLDERS AT THE NINETY-SIXTH ANNUAL GENERAL MEETING OF MOSS BROS GROUP PLC (THE 'COMPANY') TO BE HELD AT 10 AM ON 29 MAY 2009 AT 8 ST. JOHN'S HILL, LONDON SW11 1SA.

Please read the notice of meeting and the explanatory notes before completing this proxy form.

I/We (name in full) (IN BLOCK CAPITALS PLEASE) _____

of _____ being holder(s) of ordinary shares of 5p each in the capital of the

Company, hereby appoint the Chairman, or failing him the Senior Non-Executive Director, or _____ to act as my/our proxy to exercise all or any of my/our rights to attend, speak and to vote in respect of my/our voting entitlement on my/our behalf at the Annual General Meeting of the Company to be held at 10 am on 29 May 2009 and at any adjournment thereof.

If you want your proxy to vote in a certain way on the resolutions specified, please place a mark in the relevant boxes. If you fail to select any of the given options, your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can do this on any resolution put to the meeting.

Please tick here if this proxy appointment is one of multiple appointments being made*.
(for the appointment of more than one proxy, please refer to note 1 below)

	For	Against	Vote withheld	Discretion
ORDINARY BUSINESS				
1. To receive and consider the Directors' Report and Accounts and the Auditor's Report for the period ended 31 January 2009.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Directors' Remuneration Report for the period ended 31 January 2009.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To elect D Adams a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To elect B Brick a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To elect C McCloskey a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect M Bernstein a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To appoint Deloitte LLP as auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Directors to fix the auditor's remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS				
9. To renew the Directors' general authority to allot relevant securities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To approve the disapplication of statutory pre-emption rights.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To renew the Directors' authority to make market purchases of the Company's shares and to hold repurchased shares in treasury.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. To adopt amended Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. To approve the calling of a general meeting on not less than 14 clear days' notice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ORDINARY BUSINESS				
14. To appoint S Berwin a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature _____

Dated this _____ day of _____ 2009

To facilitate arrangements for the meeting, please tick here (without commitment on your part) if you propose to attend the meeting.

NOTES

- To appoint as a proxy a person other than the Chairman of the meeting insert the full name in the space provided. A proxy need not be a member of the Company. You can also appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. The following options are available:
 - To appoint the **Chairman** as your **sole proxy** in respect of all your shares, simply fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
 - To appoint a **person other than the Chairman as your sole proxy** in respect of all your shares, delete the words 'the Chairman of the meeting (or)' and insert the name of your proxy in the spaces provided. Then fill in any voting instructions in the appropriate box and sign and date the Form of Proxy.
 - To appoint **more than one proxy**, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If you wish to appoint the Chairman as one of your multiple proxies, simply write 'the Chairman of the Meeting'. All forms must be signed and should be returned together in the same envelope.
- Unless otherwise indicated the proxy will vote as he thinks fit or, at his discretion, abstain from voting.
- The Form of Proxy must arrive at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR during usual business hours accompanied by any Power of attorney under which it is executed (if applicable) no later than 10 am on Wednesday 27 May 2009.
- A corporation must execute the Form of Proxy under either its common seal or the hand of a duly authorised officer or attorney.
- In the case of joint holders, the signature of any one holder will be sufficient, but the names of the joint holders should be stated. The vote of the senior joint holder (according to the order in which the names stand in the register in respect of the holding) who tenders a vote in person or by proxy shall be accepted to the exclusion of the vote of the other joint holder(s).
- The Form of Proxy is for use in respect of the shareholder account specified above only and should not be amended or submitted in respect of a different account.
- The 'Vote Withheld' option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a resolution.
- Shares held in uncertified form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.
- Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you subsequently decide to do so.
- If you prefer, you may return the proxy form to the Registrar in an envelope addressed to **FREEPOST RLYX-GZTU-KRRG, Capita Registrars (Proxies), 34 Beckenham Road, Beckenham, Kent BR3 9ZA.**



FIRST FOLD

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB122



**Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4BR**

THIRD FOLD AND TUCK IN EDGE

FIRST FOLD



shop on-line at www.moss.co.uk