

MOSS BROS GROUP PLC
ANNUAL REPORT & ACCOUNTS 2009/10



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ACTING CHAIRMAN'S STATEMENT

The Group achieved revenue of £128.7m, a 0.7% decrease on the prior year. The financial result was a loss before tax of £(6.6)m, compared with a loss before tax of £(9.3)m in the previous year. However, the result for this year was after exceptional items of £2.7m and the adjusted loss before tax excluding these items was £(3.9)m. EBITDA (earnings before interest, tax, depreciation, amortisation and exceptional items) was £3.2m.

The results for the year ended 30 January 2010 represent 52 weeks, which compares to 53 weeks for the prior year; on a comparative 52 week basis, like for like** sales are behind 0.4% after adjusting for stores opened and closed. The impact of the additional week on the prior year loss before tax is immaterial to the overall figure being reported.

The Board is not proposing a final dividend this year and total dividends for the year are nil (2009: special dividend of 1.30 pence per share – £1.2m for the year). The Board believes it is prudent to continue to conserve cash in the current economic environment.

The context for the year was one of a continued deteriorating macroeconomic environment, as the effects of the credit crunch continued to lead the UK economy deeper into recession. In spite of this tough trading environment, the Executive Management team set out and successfully implemented a clear set of operational priorities. This has led to an improvement in the sales trend and steps were taken to protect the strong balance sheet through diligent cash and working capital control, along with a detailed review of the condition and value of the entire estate. This has created the space to develop a clear and compelling strategy to leverage the full potential of the business and the early signs of progress are reflected in a strong start to this year.

The Board is confident that the business can grow shareholder value to a quicker and greater extent by focusing on principally Moss, Moss Bros Hire, the Hugo Boss Franchise and Cecil Gee. The foundations are now in place to deliver this strategy.

During the last 12 months, Michael Hitchcock, Group Finance Director, Ciaran McCloskey, Trading Director, and David Adams, Chairman, resigned from the Company. The Board would like to thank all for their contribution in stabilising the business. The restructuring of the Board was progressed during the year, with the appointment of two new Non-Executive Directors; Simon Berwin was appointed on 29 May 2009 and I was appointed on 1 June 2009, subsequently becoming Acting Chairman with effect from 25 March 2010.

The Executive Management team was strengthened by the appointment of a group operations director, head of logistics and human resources director all of whom have brought key skills into areas where there have historically been gaps.

Throughout the year, our employees and management have served the Group with a combination of hard work, passion and commitment and on behalf of the Board I would like to thank them for their contribution during 2009.

Strong current trading and the strength of our balance sheet with no debt, a strong average daily cash balance and a significant closing cash balance, will play a key role in the coming year. We are confident that the operational progress that has been made in 2009 will drive the business towards profit and the strong and focused leadership of the Executive Management team will further leverage the Company's competitive position.

DEBBIE HEWITT ACTING CHAIRMAN
24 March 2010

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

DIRECTORS AND ADVISORS

CHAIRMAN

David Adams (until 25 March 2010)

Debbie Hewitt (Acting Chairman from 25 March 2010)

EXECUTIVE DIRECTORS

Brian Brick Chief Executive

Michael Hitchcock Finance Director (until 30 April 2010)

NON-EXECUTIVE DIRECTORS

Mark Bernstein Non-Independent Non-Executive Director

Anthony Bogod Senior Independent Non-Executive Director

Debbie Hewitt Independent Non-Executive Director (from 25 March 2010 Acting Chairman)

Simon Berwin Non-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

The Group has made significant progress this year, despite the turbulent trading conditions. A strong focus on operational performance, the building of an effective management team and rigorous financial management have all combined to increase the underlying sales trend and this resulted in the earlier than expected decision to recommence the new store opening program, with three new stores opened ahead of the key Christmas trading period.

Total like for like** sales in the second half increased by 1.6% after falling 2.6% in the first half of the year leaving full year like for like** sales marginally down. In addition the second half gross margin increased 3.4 percentage points having been level in the first half.

Open, honest and collaborative communication with the key credit insurers was maintained throughout the year and will continue to ensure minimal risk to the continuity of product supply.

The Group has no debt, an overdraft facility which is not utilised at the year-end and tight working capital control. The ongoing proactive negotiations and discussions with all relevant stakeholders have helped to ensure optimum use of cash resources.

BUSINESS REVIEW

STORES

BUSINESS KEY PERFORMANCE INDICATORS

The business monitors the performance of implementing the Board's strategy with reference to clear targets set for seven key performance indicators ("KPIs"). These KPIs are applied on a Group wide basis across the stores and include the following:

- sales, which are further analysed by:
 - average transaction value (ATV)
 - units per transaction (UPT)
 - average selling price (ASP)
- gross profit margin
- cash and cash equivalents, and
- inventories.

Management assesses these KPIs against forecasts and the prior year.

MAINSTREAM

Moss embarked on a detailed operational and performance management review of all stores, resulting in a programme of training and staff development and a number of changes in management. The impact of these changes came through in the second half, where like for like** sales were up by 3%, against a fall of 2.3% in the first half, giving a full year outcome up 0.5%.

Like for like** retail gross margin was ahead of last year by 1.8 percentage points in the second half and by 0.7 percentage points for the full year. The margin performance was enhanced through the careful choice of suppliers across all product categories and the consolidation of volume into fewer suppliers throughout the year. Furthermore, Moss is concentrating on its core category, suits, and has seen a marked uplift in the demand for fashion suits as the younger man seeks to emulate the appearance of young television presenters and sporting role models.

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

CHIEF EXECUTIVE'S BUSINESS REVIEW

CONTINUED

BUSINESS REVIEW CONTINUED

STORES CONTINUED

MAINSTREAM CONTINUED

Expansion Plans

Management took a conscious decision to pull back on the expansion plans set out in previous years, in light of continued deterioration in the wider economy. No new stores were opened in the first three quarters of the year but successful balance sheet management and the improving sales trend led the business to open three stores in the fourth quarter; East Midlands Centre, Dalton Park Centre and Uxbridge. Management have identified around 40 locations across the UK and Southern Ireland which would be ideal for one of the Group's fascia and, subject to the continuing and improving trend in sales, a select number of stores have been identified for potential opening in 2010. If more stores become available in those identified locations on favourable terms with minimal impact on cash flow, management will consider their commercial viability at the appropriate time.

Refits

The strategy for cyclical refits across the Moss fascia remains. The business is continuing to look at the next generation of retail format for suit buying and any refit programme will incorporate the results of this review. Three next generation Moss formats will be tested in 2010 and the pace and intensity of this programme will be dictated by the success of the pilots.

Factory Outlets

Factory outlets demonstrated good growth in this year. Like for like** sales were ahead 3.5% with like for like** retail gross margins also ahead of last year. The operating model for outlets has been further tuned.

FASHION

Demand for branded fashion was subdued in the first half of the year as the recession had a significant impact on the higher priced fashion product; however the new Autumn/Winter product across all fascia proved very successful in the second half with sales growth of 1.2% in this period. The net result saw like for like** sales decline 0.9%, whilst like for like** retail gross margin was higher by 2.3 percentage points.

Hugo Boss

The Group operates 16 Hugo Boss stores in the UK. Hugo Boss maintains its position as one of the true global brands which commands loyal customers who are less sensitive to the economic situation. The Group works closely with Hugo Boss in the UK to drive strong sales figures from this fascia. The Group has identified Hugo Boss as the branded franchise of choice and to this end will convert its existing Canali store in New Bond Street into a premium Hugo Boss store. In addition the Group will continue to refurbish the Hugo Boss stores in line with the franchise agreements.

Canali

Our second Canali store, which opened in the City of London last year, proved less successful than envisaged. The Canali store in New Bond Street London is being converted to a premium Hugo Boss store and the Canali store in Eldon Street in the City of London has already been converted into a Savoy Taylors Guild store, thereby bringing an end to the Canali franchise agreement.

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

Cecil Gee

Cecil Gee was a story of two halves; although the fascia struggled in the first half, a strategic review by management of the in-store merchandising and realignment to a narrower band of brands within the stores has led to a material and positive turnaround in performance in the second half of the year. The Cecil Gee stores now concentrate on four key brands, Hugo Boss, Ralph Lauren, Diesel and Superdry, with other high fashion brands relevant to each store's size and location. As the independent sector finds it increasingly hard to survive in a highly competitive market place, high fashion brands are looking to operators with scale, such as Cecil Gee, to ensure an outlet for their product and this puts the Cecil Gee fascia in a strong position.

HIRE

Moss Bros Hire is the number one recognised brand name in the UK hire market. The strength of the brand has enabled it to increase market share in a tough year, as it was evident as the year progressed that the hire market in general contracted; the continued recession in the UK led to a material drop in the corporate hire market for both black tie events and morning suits for corporate entertaining at events such as Royal Ascot. Wedding hire bookings were also down. Like for like** sales recorded a decrease of 2.9%.

The investment of a total of £2.0m during the last two years to introduce a new Hire supply chain infrastructure is due for completion by the end of March 2010 in readiness for uplift in activity in the hire market. The Group has put considerable focus on the ever increasing School Prom hire market and the strength of Moss Bros Hire's branding should help to secure a further increase in overall hire market share as a result.

INTERNET SHOPPING

Moss.co.uk continues to seek the ideal product, promotion and merchandising for its on-line presence. This year it moved onto a new platform, which is far better suited to its promotional stance, and built up a new team to lead the continuing internet development. The intention is to further roll-out the internet presence by putting Cecil Gee on-line, which it is intended to launch for the Autumn/Winter 2010/11 season.

SUPPLY CHAIN

The business has over the last few years moved the mix in its product supply source from mainland Europe into China and achieved a higher intake gross margin as a result and enhanced quality. The buying team is continually assessing supplier performance, supply routes and supply options to ensure the most commercially beneficial results for the Group. The business was very adept at planning for currency movements through 2009 by the timely ordering of stock, allowing much more scope for tactical promotions to lead the market. In addition, the increase in VAT in January 2010 was planned for.

DISTRIBUTION CENTRE

The efficiency of the Group's distribution centre has freed up capacity to allow for greater volumes; this has led to the business taking on some third party product on an outsourcing basis to leverage off the existing cost base to good effect. As the expected volumes increase through the coming year, the business has confidence in the facility to meet this growth.

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CHIEF EXECUTIVE'S BUSINESS REVIEW

CONTINUED

BUSINESS REVIEW CONTINUED

PERFORMANCE MANAGEMENT

The retail sector generally has seen some dramatic shifts in the last two years and we believe that only the strongest retailers will see out the current recession. Customers still 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 areas and will continue to build on this in the future. There is a genuine feeling internally that all fascias identified as being key to the future growth of the Group are very much on the right track.

With the need for talented and passionate people across all areas of the Group, this means a continuing review of performance to assess areas for development. With this in mind the business has recently hired an experienced human resources professional to ensure that the business hires and develops the right people to deliver opportunities for the Group. 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.

RISKS AND UNCERTAINTIES

CASH AND FUNDING

Cash and funding remains the key risk in the current uncertain macroeconomic climate, made continually more acute by the lack of liquidity in the UK banking sector. The Group has access to a £5m uncommitted facility which is due for renewal on 31 March 2010. The Group's bankers have indicated their intention to renew the facilities for a further year at the same level and final discussions as to the terms of those renewed facilities are currently taking place. Once the terms of the renewed facilities have been agreed, the Group expects this level of funding to be made available to 31 March 2011. Management has been successful at ensuring that maximum cash is available for the business at any one time. Cash balances are managed and monitored on a daily basis; the peaks and troughs in the cash cycle are well known through experience and appropriate cash management takes place to limit the use of existing banking facilities.

STOCK AND CONTINUITY OF SUPPLY

Demand forecasting, inventory ordering and inventory intake are 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 mix and ageing of the stock balance at the year end is on balance the best it has been for a number of years.

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

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PROPERTY

The business operates from a portfolio of high street, shopping centre and factory outlet stores all held under operating leases. Each store is evaluated annually to assess its ongoing commercial viability. There are a number of locations in the UK and Southern Ireland which would suit one of the businesses' fascias, and the Group 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. There are increasingly more favourable opportunities being presented to the Group and negotiations are being engaged within this context to the Group's advantage.

STAFF HIRING AND RETENTION

The Group has a 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 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 FORECAST

The business is planning for growth but has total control to react should the UK economy go into a "double-dip" scenario. The diligent manner in which management has controlled the business through the last year has provided a strong foundation on which to build the business.

FINANCIAL REVIEW

TRADING RESULTS	2009/10		
	1st half	2nd half	Full year
Revenue v last year (like for like)**	-2.6%	+1.6%	-0.4%
% Gross margin	56.0%	54.4%	55.1%
% Gross margin v last year	+0.0%	+3.4%	+1.8%
EBITDA before exceptional items	£0.6m	£2.6m	£3.2m
Loss before taxation and exceptional items	£(3.0)m	£(0.9)m	£(3.9)m
Loss before taxation	£(3.0)m	£(3.6)m	£(6.6)m

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The year was undoubtedly impacted by the recessionary market conditions, but effective operational improvements allowed the underlying run rate to improve in the second half, with strong like for likes** of 1.6% against last year. The second half would have been better still but for the material impact of the snow in January. It is challenging for retailers of the Group's size, with a largely fixed operating cost base, to mitigate the gross profit impact of a negative movement in sales on bottom line performance. Conversely, an increase in sales provides strong leverage on bottom line performance.

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CHIEF EXECUTIVE'S BUSINESS REVIEW

CONTINUED

FINANCIAL REVIEW CONTINUED

REVENUE

The impact of operational improvements in the second half lifted the overall figures for the year and would have been better again but for the snow at the end of the year. The fashion fascia had a good second half following a poor first half, to leave the full year like for like** figures, Hugo Boss +0.1%, Canali +3.4% and Cecil Gee -5.0%. Cecil Gee has responded favourably to a strategic review of merchandising towards the end of the year, with a second half like for like** of -0.7%, an improvement which has continued into 2010.

The factory outlets fared marginally better than the Moss stores with like for like** figures of +3.5% and -0.6% respectively as the former bounced back from a challenging time the year before. Continued intense sales training and strong performance management lifted our KPIs for ATV, ASP and UPT.

GROSS MARGIN

Gross margin has increased 1.8 percentage points. This was despite considerable promotional pressure from our competitors who clearly sacrificed gross margin to attract sales. The exercise to consolidate volume into a smaller number of suppliers and attain a better unit purchase price has enabled tactical promotions to attract new and retain existing customers. Extensive sales training has increased the number of products per transaction and encouraged customers to trade up to higher price points which command a higher gross margin.

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

OPERATING COSTS

Administrative expenses, shop's selling and marketing costs ("operating costs") decreased by 0.6% in the year, an increase of 0.6% after adjusting for exceptional items and the accelerated depreciation charge referred to below. After adjusting for new and closed stores, like for like** store operating costs in the year have increased by 2.9%. This reflects an increase in like for like** occupancy costs of 3.3% and an investment in better calibre store managers who are delivering the expected return on sales. Cost responsibility is operated across the business with continuous action being taken to mitigate as much as possible the effects of the recession on reducing cash margins. Operating costs include an extra charge of £0.6m for accelerated depreciation following a review of Hugo Boss assets within the business and a conscious decision to align the useful economic life of these assets to the ongoing franchise agreements for each store.

EXCEPTIONAL ITEMS

An impairment review of assets under IAS36 has resulted in a write down in fixed asset values of certain stores amounting to £2.2m; a significant amount of this impairment relates to the conversion of the two Canali stores, the strategic withdrawal from a number of stores due to their leases coming to an end, rebranding of some stores and a number of loss making stores. Other exceptional adjustments were made which have resulted in a charge totalling £0.5m. A tax credit of £0.1m is applied to the exceptional items resulting in a total exceptional charge after tax of £2.6m.

TAXATION

The tax credit amounts to £0.9m (2009 – tax credit of £0.3m).

LOSS PER SHARE

Loss per share was (6.11) pence compared to (9.48) pence per share last year.

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DIVIDEND

The Board is not proposing a final dividend this year, nor did it propose an interim dividend (2009 – no final dividend, a special dividend of 1.30 pence per share was paid on 28 July 2008). Management believes it is still prudent to conserve cash in the current economic environment. It is however management's intention to return to paying dividends to its Shareholders when the economic conditions and the business performance make it sustainable to do so.

INVESTMENT

Capital expenditure in the year (excluding spend on hire inventory) was £2.7m (2009 – £6.5m) and depreciation was £5.6m (2009 – £7.4m). This included the opening of 3 new stores and the refitting or re-branding of 4 stores across all fascias. In addition there was further investment in new Moss Bros Hire inventory of £0.7m (2009 – £1.1m), whilst depreciation on hire inventory was £1.5m (2009 – £1.6m).

CASH

Despite the continued, albeit lower, operating losses, the year-end cash balance is still £6.3m compared to £8.1m last year. Diligent and controlled working capital management has maintained an average daily cash balance of £3.0m.

INVENTORY

A great deal of diligent and focused effort has gone into ensuring the inventory levels are optimum for the business and that cash does not become a restraint and hold back current season stock buys.

The mix of stock in the business is on balance the best it has been for a number of years with the right stock in the right location at key times during the year; the collaborative work undertaken with suppliers ensures that additional stock is available at short notice for those product lines that prove very successful.

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.

OUTLOOK

In spite of tough trading conditions, the business has made progress on all of the operational priorities set out at the beginning of the year and this has had a very positive impact on trading. The business continues to build clear strategic goals, an effective Executive Management team and has a track record of delivering. Our continued focus on the operational priorities and the support of our strong balance sheet gives great confidence that the full potential of this business will be fully leveraged.

BRIAN BRICK CHIEF EXECUTIVE
24 March 2010

BOARD OF DIRECTORS

DIRECTORS

David Adams (55) Non-Executive Chairman. Joined the Board as the Non-Executive Chairman on 23 July 2008. He is Executive Chairman of Jessops Plc, a Non-Executive Director of JJB Sports 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. He resigned on 25 March 2010.

Brian Brick (49) 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 is a Director of Ambleside Consulting Limited. He successfully sold Speciality Retail Company Limited in 2005.

Michael Hitchcock (45) Finance Director. Joined the Board on 11 October 2006 as Finance Director. He was previously Finance Director at Ottakars Plc and held senior financial roles at Rank Company Plc and Diageo Plc. He resigned on 14 January 2010 and will leave the Company on 30 April 2010.

Debbie Hewitt (46) Independent Non-Executive Director (Acting Chairman from 25 March 2010). Joined the Board on the 1 June 2009 and chairs the Remuneration Committee. She is a Non-Executive Director of HR Owen plc, NCC Group plc, Mouchel Group plc, Luminar plc, Redrow PLC and Domestic and General. She is also a Non-Executive Chairman of HPI Limited. She was previously the Managing Director of RAC plc.

Anthony Bogod (50) Independent Non-Executive Director. Joined the Board as a Non-Executive Director on 25 May 2007. He was previously a partner at BDO Stoy Hayward LLP with whom he worked for 25 years, and where he had extensive experience in and specific responsibilities for the retail sector. He is an advisor to All Saints Retail Limited.

Simon Berwin (55) Non-Executive Director. Joined the Board on 29 May 2009. He has extensive experience in the suit manufacturing and retail business having helped establish one of the largest clothing manufacturing business in the UK; Berwin and Berwin. He is also a Director of UKFT.

Mark Bernstein (50) Non-Executive Director. Joined the Board 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.

AUDIT COMMITTEE OF THE BOARD

A Bogod (Chairman)
D Hewitt (appointed 1 June 2009)
D Adams (until 25 March 2010)

REMUNERATION COMMITTEE OF THE BOARD

D Hewitt (Chairman)
(appointed 1 June 2009)
A Bogod
D Adams (until 25 March 2010)

NOMINATION COMMITTEE OF THE BOARD

D Adams (Chairman)
(until 25 March 2010)
D Hewitt (appointed 1 June 2009)
(Acting Chairman
from 25 March 2010)
A Bogod
M Bernstein
S Berwin (appointed 29 May 2009)

DIRECTORS' REPORT

The Directors of Moss Bros Group Plc present their Annual Report and audited financial statements for the year ended 30 January 2010. The Group is also required to set out in this report a fair review of the business of the Group during the year ended 30 January 2010 and of the position of the Group at the year end together with a description of the principal risks and uncertainties facing it. The information which 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 activity of the Group during the year was the retail sale and hire of quality clothing and ancillary goods. A summary of the results for the year ended 30 January 2010 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.

	52 weeks to 31 January 2010			53 weeks to 31 January 2009		
	Underlying £'000	Exceptional items £'000	Total £'000	Underlying £'000	Exceptional items £'000	Total £'000
Revenue	128,737	-	128,737	129,684	-	129,684
Operating loss	(3,924)	(2,731)	(6,655)	(6,655)	(4,281)	(9,537)
Net financial income	-	-	-	255	-	255
Loss before taxation	(3,924)	(2,731)	(6,655)	(5,001)	(4,281)	(9,282)
Taxation	749	134	883	(41)	359	318
Loss after taxation	(3,175)	(2,597)	(5,772)	(5,042)	(3,922)	(8,964)

DIVIDENDS

The Board is not proposing a final dividend this year. No interim dividend was paid (2009 – no final dividend, special dividend of 1.30 pence per share – £1.2m).

SHARE CAPITAL

The Company has 94,530,752 ordinary shares of £0.05 in issue as at 30 January 2010. There are no restrictions on the size of individual holdings or on the transfer of these shares or on the voting rights attached to them. Each share carries the right to one vote at a general meeting of the Company.

Section 992 of the Companies Act 2006 "the Act", 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 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 existing Memorandum of Association and the Articles of Association ("the existing Articles"). The existing 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 existing Articles and such authorities are renewed by Shareholders annually at the Company's Annual General Meeting.

SUBSTANTIAL SHAREHOLDERS

As at 24 March 2010 (the last practical day before the approval of this Report), the Group had been notified of the following significant Shareholders and interests in shares of the Group, pursuant to Section 793 of the Act:

	Number of shares	% of voting rights and issued share capital
H A Cann Settlement Accumulation and Maintenance Fund	28,349,772	29.99
Laura Ashley Holdings Plc	9,499,937	10.05
Credit Agricole Cheuvreux International	7,532,305	7.97
G S Pitt and P J Moss	6,710,965	7.10

DIRECTORS' REPORT

CONTINUED

SUBSTANTIAL SHAREHOLDERS CONTINUED

The Company is not aware of any agreements between holders of these shares known to the Company which may result in restrictions on the transfer of securities or voting rights.

No person holds shares with specific rights regarding control of the Company.

The Company does not operate any employee share schemes in relation to which there are shares with rights with regard to the control of the Company, which are not exercisable by the employees.

There are no agreements between the Company and its Directors or employees which provide for compensation for loss of office or employment which occurs because of a take over bid, save that within the service agreement for Michael Hitchcock the notice period was extended from 6 months to 12 months in the event his employment ceases because of a take over. This service agreement will terminate on 30 April 2010.

ANNUAL GENERAL MEETING

The Resolutions to be proposed at the Annual General Meeting to be held on 28 May 2010, together with explanatory notes appear in the Notice of Meeting sent to all Shareholders with a Form of Proxy.

The following Resolutions will be proposed at the Annual General Meeting as Special Resolutions:

- a) Dis-application of pre-emption rights – authorise the Directors of the Company to issue equity securities of the Company for cash without first offering them to existing Shareholders.
- b) Authority to buy in shares – authorise the Directors of the Company to make market purchases of the Company's shares.
- c) Articles of Association – adopt new Articles of Association of the Company.
- d) Notice of Meeting – approve the calling of a general meeting of the Company on not less than 14 clear day's notice.
- e) Electronic Communication – authorise the Company to communicate with Shareholders electronically.

The Directors are of the opinion that all 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 with this Annual Report and the Notice of Meeting they recommend Shareholders to vote in favour of the Resolutions to be proposed at the Annual General Meeting.

DIRECTORS

The current Board of Directors is shown on page 10 of this Annual Report.

Debbie Hewitt was appointed an Independent Non-Executive Director on 1 June 2009 (Acting Chairman from 25 March 2010).

Simon Berwin was appointed a Non-Executive Director on 29 May 2009.

Ciaran McCloskey left the Board on 5 October 2009.

Michael Hitchcock's resignation as a Director of the Company was announced on 14 January 2010 and he will leave the Group on 30 April 2010.

David Adams, Anthony Bogod, Brian Brick and Mark Bernstein all served as Directors throughout the period.

David Adams' resignation as Chairman and Non-Executive Director of the Company was announced on 15 March 2010 and he will leave the Group on 25 March 2010.

Appointments to the Board are recommended by the Nominations Committee and are made in accordance with the provisions of the existing Articles. The existing Articles 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. Anthony Bogod and Brian Brick are offering themselves for re-election by the Shareholders at the forthcoming Annual General Meeting. Debbie Hewitt offers herself for election by Shareholders at the forthcoming Annual General Meeting it being the first meeting following her appointment to the Board on 1 July 2009.

All other Directors have been elected by the Shareholders at one of the last two Annual General Meetings. The Board confirms that, following a review of the skills and experience of the Directors it is satisfied that Debbie Hewitt and Anthony Bogod remain independent of the management of the Group and continue to make a substantive contribution to the work of the Board. The Board also considered the Chairman, David Adams, as having had the attributes of an independent Director during his tenure.

During the year the Group maintained liability insurance for its Directors and Officers, which remains in force at the date of this report.

In accordance with the Act, Conflicts of Interests provisions which came into force on 1 October 2008, a Register of Conflicts has been established. The Board is mindful of the potential conflict of interest which may arise between the Company's major shareholder, H A Cann Settlement Accumulation and Maintenance Fund ("Fund"), Mr Simon Berwin, the Fund's representative on the Board, and the Company. Given the Fund's interest in Berwin Holdings Limited, whose group is a major supplier to the Company a framework is in place to manage any such conflicts of interest and the Group's existing Articles give the Directors authority to approve a Director's conflict or potential conflict of interest.

The interests of the Directors in the ordinary shares of the Group on 30 January 2010:

	Number of shares at 30 January 2010	Number of shares at 31 January 2009*
David Adams	50,000	-
Brian Brick	50,000	-
Debbie Hewitt	111,111	-

* Or date of appointment, if later.

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

Brian Brick and Michael Hitchcock also participate in the Group's Long Term Incentive Plan and the Group's Executive Share Option Scheme. Details are set out in the Directors' Remuneration Report on pages 19 to 25.

EMPLOYEES

Employment policies do not discriminate between employees or potential employees on the grounds of gender, colour, race, nationality, ethnic origin, national origin, religion, religious beliefs, sexual orientation or age. 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.

The Group recognises the benefits of keeping employees informed of the progress of the business and of involving them in the Group'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 telephone conference calls, newsletters, notice boards, reports, team briefings, and conferences.

CORPORATE RESPONSIBILITY

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

ENVIRONMENTAL POLICY

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

DIRECTORS' REPORT

CONTINUED

SUPPLIER PAYMENT POLICY AND PRACTICE

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 30 January 2010 was 29 (2009 – 36 days).

CHARITABLE DONATIONS

During the year £2,400 (2009 – £2,300) was donated to charities. No political donations were made during the period (2009 – nil).

CORPORATE GOVERNANCE STATEMENT

APPLICATION OF PRINCIPLES

This statement describes how the Group applies the principles contained within the Combined Code on corporate governance published by the Financial Reporting Council in June 2008 ("the Code") appended to the Listing Rules of the Financial Services Authority.

The Board considers that it currently complies with the Code, except where disclosed otherwise within these Report and Accounts. The Board regularly reviews its practices and effectiveness.

DIRECTORS

On 15 March 2010 the Company announced the resignation of David Adams as Chairman and Non-Executive Director of the Company with effect from 25 March 2010. Debbie Hewitt will be Acting Chairman from 25 March 2010.

As at 24 March 2010, the Board consisted of the Chairman, four Non-Executive Directors and two Executive Directors. The Chairman of the Board is David Adams who joined the Board on 23 July 2008. Anthony Bogod is the Senior Independent Non-Executive Director. The Group considers Debbie Hewitt, Anthony Bogod and considered the Chairman, David Adams, to be independent Directors. Under the Code, Chairman are not generally considered independent. However, the Board considered the Chairman, David Adams had many of the attributes of an independent Director.

The Board recognises that prior to the appointment of Debbie Hewitt on 1 June 2009 the independence of the Board of Directors and the Board Committees was an area of non-compliance with the Code. The Board recognises that following the resignation of David Adams with effect from 25 March 2010, the independence of the Board of Directors and the Board Committees will again be an area of non-compliance with the Code until the recruitment of a new Chairman has been completed.

Brian Brick is the Chief Executive and together with the Executive Management team is responsible for co-ordination of the Group's business activities. The structure of the Board provides a balance whereby no individual or group can dominate the Board's decision making. Brief details of each Director's other directorships are disclosed on page 10.

The Board is responsible for setting the Group's strategic direction, the establishment of Group policies and internal controls and the monitoring of operational performance. It meets regularly throughout the year and in addition to the routine reporting of financial and operational issues, reviews each of the trading areas and key functions.

The Board has a schedule of matters specifically reserved to it for decision and delegates certain issues and powers to the Board Committees. The schedule of reserved matters is reviewed by the Board.

Board papers containing relevant commercial and financial information are normally provided to all Board members in the week prior to a Board meeting to enable the Directors to consider the issues for discussion. The Board regularly reviews the type and amount of information provided. The Board plans to meet at least 10 times a year including a meeting to review and discuss the strategic issues facing the Company. The Board also holds meetings as appropriate, to fulfil the ongoing requirements of the business during the year.

All Directors have access to the advice of the Company Secretary, who is responsible to the Board for ensuring that procedures are followed. The appointment and removal of the Company Secretary is reserved for the consideration of the Board as a whole. In addition the Directors are able to seek appropriate independent professional advice at the Group's expense.

On appointment to the Board, every Director is provided with the opportunity for appropriate training to enable them to discharge their duties as a Director. Additional training may be sought as necessary.

The Board has concluded a review of its effectiveness. The conclusions of the review have been discussed by the Board as a whole and will be kept under review during the forthcoming year.

Board members are appointed by the Board on the recommendation of the Nomination Committee, which is chaired by the Chairman and consists of the Non-Executive Directors, although the Chief Executive is invited to meetings as appropriate.

The existing Articles provide that one-third of the Directors shall retire from office by rotation. Furthermore, Article 92 of the existing Articles requires a Director to stand for re-election if they were not appointed or re-appointed at either of the last two Annual General Meetings.

Debbie Hewitt was appointed since the last Annual General Meeting and is retiring in accordance with the existing Articles and offering herself for re-election at the forthcoming Annual General Meeting.

Subject to re-election at the first AGM after which they were appointed, Non-Executive Directors are appointed initially for a three year term. The Group will take into account the balance of skills and experience on the Board, their contribution and level of independence when considering whether to extend their appointment beyond the initial term. The Board may ask a Non-Executive Director to remain for a further term. The Non-Executive Directors' contracts are terminable on three months' notice. David Adams' appointment as Chairman was terminable on six months' notice. Following the Company's announcement on 15 March 2010 advising of David Adams' resignation as Chairman and Non Executive Director with effect from 25 March 2010, David Adams will receive a one off payment equivalent to four months' fees to be paid at the end of March.

The Board takes significant measures to ensure that all Board members are kept aware of both the views of the major shareholders and changes in the major shareholdings of the Group.

BOARD COMMITTEES

In accordance with the Code and corporate governance best practice, the Board has established a number of committees. All of the committees have written terms of reference, approved by the Board.

The Board held 12 meetings during the year. The attendance of each of the Directors at these meetings and committee meetings where appropriate is detailed below:

	Board Meetings	Audit	Committee Meetings	
			Remuneration	Nomination
Number of Meetings	12	2	6	0
David Adams	12	2	6	0
Debbie Hewitt*	9	1	4	0
Tony Bogod	10	2	5	0
Mark Bernstein	9	0	0	0
Simon Berwin*	8	0	0	0
Brian Brick	11	0	0	0
Michael Hitchcock	11	0	0	0
Ciaran McCloskey#	7	0	0	0

* Appointed during the year. # Resigned during the year.

DIRECTORS' REPORT

CONTINUED

CORPORATE GOVERNANCE STATEMENT CONTINUED

BOARD COMMITTEES CONTINUED

Whilst the Company complied with the Code for the period from 1 June 2009 to 30 January 2010 in respect of the constitution and make up of Board Committees, the Company acknowledges that subsequent to the resignation of David Adams on 25 March 2010 it will not be compliant with the Code until a new Chairman has been appointed. From 25 March 2010 Debbie Hewitt will be Acting Chairman.

AUDIT COMMITTEE

The Audit Committee is chaired by Anthony Bogod and during the financial year also comprised of David Adams and Debbie Hewitt. The terms of reference for the Audit Committee provide that the Chief Executive and Finance Director are invited to attend the meetings as appropriate. The terms of reference for the Audit Committee are available from the Company Secretary.

The Group recognises that prior to the appointment of Debbie Hewitt on 1 June 2009 the membership of the Audit Committee was an area of non-compliance with the Code. As the 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 Committee met twice during the year and reported to the Board on all matters relating to the regulatory and accounting requirements affecting the Group, together with the financial reporting and internal control procedures including the annual and interim financial statements. In addition, the Audit Committee ensures that an objective and professional relationship is maintained with the external auditors. The external auditors may attend all meetings of the Audit Committee and have direct access to the Audit Committee and its Chairman.

During the year ended 30 January 2010, the Group's external auditors, Deloitte, provided advice to the Group, including advice in relation to tax and VAT. The fees paid to Deloitte for non-audit services were £65,000 (2009 – £59,000). The use of Deloitte for non-audit work was carefully evaluated by the Audit Committee and the Board. Non audit work is performed by separate teams who are segregated to the degree required to achieve the necessary independence and to maintain the auditors' objectivity.

The Audit Committee views the independence and objectivity of the Group's auditors as essential and ensures that Deloitte is not instructed on any issues which would prejudice this. The Audit Committee obtains written confirmation on at least an annual basis of the independence of the external auditors.

To fulfil its responsibility regarding the independence of the external auditors, the Audit Committee also reviewed:

- the external auditors' plan for the current year, noting the role of the senior statutory audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years, and any changes in the key audit staff;
- the arrangements for day-to-day management of the audit relationship;
- the overall extent of non-audit services provided by the external auditors; and
- the past service of the auditors who were first appointed in for the year ended 31 January 2009.

It is also the Committee's policy to consider every year whether there should be an audit tender process and whether using auditors from one audit network continues to enhance the quality of the audit.

The Committee has considered the likelihood of a withdrawal of the auditor from the market and noted that there are no contractual obligations to restrict the choice of external auditors.

To assess the effectiveness of the external auditors, the Audit Committee reviewed:

- the arrangements for ensuring the external auditors' independence and objectivity;
- the external auditors' fulfilment of the agreed audit plan and any variations from the plan;
- the robustness and perceptiveness of the auditors in their handling of the key accounting and audit judgements; and
- the content of the external auditor's reporting on internal control.

The Audit Committee also reviews the possible risks facing the Group, the risk management function and internal controls.

There is an opportunity for any employee, in confidence, to raise any concerns with management about possible impropriety in financial or other matters. The Company has established an internal confidential helpline which is independent of line management.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Debbie Hewitt and consists of all independent Non-Executive Directors. The Chairman is also a member of the Committee. The Remuneration Report is set out on pages 19 to 25.

The terms of reference for the Remuneration Committee are available from the Company Secretary.

NOMINATION COMMITTEE

The Nomination Committee is chaired by David Adams and all the Non Executive Directors are members. It monitors and reviews the membership of the succession to the Board of Directors. It identifies and recommends potential Executive and Non Executive Directors to the Board. With effect from 25 March 2010 the Nomination Committee will be chaired by Debbie Hewitt.

The terms of reference for the Nomination Committee are available from the Company Secretary.

EXECUTIVE TRADING COMMITTEE

The Executive Management team of the Group consists of the two Executive Directors, Brian Brick and Michael Hitchcock, the Company Secretary, Julia Stephens, the buying director, Paul Sheldon, the Group operations director, Paul Pancham, the Group trading director, Joe Ellis and Debbie McGlashan the director of human resources. The new Finance Director will also be a member of the Executive Trading Committee.

The Executive Management team as well as monitoring and controlling the day to day management of the business reviews capital and revenue expenditure and regularly reviews the strategic aims of the Group.

ACCOUNTABILITY AND AUDIT

Each person 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 Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Act.

Deloitte have expressed their willingness to continue in office as auditors and a Resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Chief Executive's Business Review. The latter describes the financial position of the Group, its cash flows and funding, together with the Group's objectives, key risks and uncertainties. The Group's financial risk management objectives and its exposures to credit risk and liquidity risk are described in note 22. The current economic conditions create general uncertainty in the corporate market place over the availability of bank financing in the foreseeable future.

As also highlighted in note 22 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 31 March 2010. The Group's bankers have indicated their intention to renew facilities for a further year at the same level, and final discussions as to the terms of those renewed facilities are currently taking place. Once the terms of the renewed facility have been agreed, the Group expects this level of funding to be made available to 31 March 2011.

DIRECTORS' REPORT

CONTINUED

CORPORATE GOVERNANCE STATEMENT CONTINUED

GOING CONCERN CONTINUED

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

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

INTERNAL CONTROL

The Board acknowledges its responsibility 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 an ongoing process designed to identify, evaluate and manage the significant risk faced by the Group. The system of internal control includes internal financial controls, operational procedures, risk management and compliance matters. The system has been in place throughout the year ended 30 January 2010 and up to the date of this Report.

During the year the Board has reviewed the need for an internal audit department in accordance with the 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 Group has plans to review the risk management structure and ensure a robust mechanism is in place for logging and monitoring risks. This work will commence during 2010.

By order of the Board

B BRICK CHIEF EXECUTIVE
24 March 2010

J STEPHENS SECRETARY
24 March 2010

DIRECTORS' REMUNERATION REPORT

This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006 ("the Act"). The report also meets the relevant requirements of the Listings Rules of the Financial Services Authorities and describes how the Board has applied the principles relating to Directors' remuneration in the Combined Code ("the Code"). As required by the Act, a resolution to approve the Directors' Remuneration Report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Act requires the auditors to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting Regulations. The report has therefore been divided into separate sections for audited and unaudited information.

REMUNERATION COMMITTEE

During the year ended 30 January 2010, the Committee consisted of the following Non-Executive Directors:

Debbie Hewitt (Chairman) (Appointment 1 June 2009)
David Adams (until 25 March 2010)
Anthony Bogod

The members of the Committee are independent Non-Executive Directors. The Company Chairman, David Adams, is also a member of the Committee. On 15 March 2010 the Company announced the resignation of David Adams as Chairman and Non-Executive Director of the Company with effect from 25 March 2010.

Whilst the Company complied with the Code for the period from 1 June 2009 to 30 January 2010 in respect of the constitution and make up of Board Committees, the Company acknowledges that subsequent to the resignation of David Adams on 25 March 2010 it will not be compliant with the Code until a new chairman has been appointed. From 25 March 2010 Debbie Hewitt will be Acting Chairman.

The Chief Executive will attend meetings periodically but will play no part in any discussions relating to his own remuneration.

The Committee is responsible for making recommendations to the Board within 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 Committee is also responsible for the operation of any share based incentive schemes (including all employee schemes). In determining its policy the Committee has regard to the principles and provisions of the Code as well as the Listing Rules and associated guidance on good governance. The Committee operates under the delegated authority of the Board under agreed terms of reference which are available from the Company Secretary upon request.

In September 2009 the Committee appointed Hewitt New Bridge Street ("Hewitt") a firm of independent remuneration consultants, to advise the Committee on senior executive remuneration and employee share schemes. Hewitt has no other connection with the Company.

The remuneration of the Non-Executive Directors is determined by the Board as a whole.

REMUNERATION POLICY

The Remuneration Committee determines the Company's policy on the remuneration of the Executive Directors and other senior executives. The principals which underpin the remuneration policies for the Company are:

- to ensure Executive Directors' rewards and incentives are directly aligned with the interests of the Shareholders in order to optimise the performance of the Group and create sustained growth in Shareholder value, without there being any encouragement to take undue risk;

DIRECTORS' REMUNERATION REPORT

CONTINUED

REMUNERATION POLICY CONTINUED

- to provide the level of remuneration required to attract, retain and motivate Executive Directors of an appropriate calibre;
- to ensure a proper balance of fixed and variable performance related components, linked to short and longer-term objectives; and
- to reflect market competitiveness, taking account of the total value of all the benefit elements.

Remuneration for the Executive Directors is structured so that the variable pay element (annual bonus and long-term incentives) forms a significant proportion of the overall package. This provides a strong link between the remuneration paid to Executive Directors and the performance of the Company. This also provides a strong alignment of interest between the Executive Directors and Shareholders (particularly as part of the annual bonus and all of the long term incentive is payable in the form of shares).

INDIVIDUAL ELEMENTS OF REMUNERATION

The main components of the remuneration package for Executive Directors are:

SALARY

Salaries for the Executive Directors are determined by the Remuneration Committee taking into account the experience and performance of the individual and comparing the levels of remuneration with the salaries of comparable UK based retailers.

Base salaries are reviewed annually, unless responsibilities change. In setting appropriate salary levels for the Executive Directors and considering whether there should be any increases, the Committee takes into account pay and employment conditions of employees elsewhere in the Group.

In the year under review no salary increases were awarded to the Executive Directors and no increases are proposed for the 2010/11 financial year.

The current level of base salary for Brian Brick, which was set when he was appointed Chief Executive, is £250,000 per annum and the base salary for Michael Hitchcock is £190,000 per annum. The Company is in the process of recruiting a new Finance Director: the remuneration package will reflect the structure of the current Finance Director's remuneration package.

ANNUAL BONUS

For the 2010/11 financial year the maximum bonus opportunity for Brian Brick will be 100% of salary. For other Executive Directors the maximum opportunity will be 60% of salary. 100% of total bonus potential will be based on a profit before tax sliding scale with the remainder determined by cashflow performance. 50% of any bonus payment will be invested in shares and deferred. These shares will be released to the Executive Directors after three years provided that they are still employed by the Company at that time. Members of the Executive Management team are also eligible to participate in the annual bonus scheme. The maximum bonus opportunity for these individuals will be 50% of salary.

The Committee considers that this is a fully market competitive bonus plan, providing an incentive designed to drive and reward excellent short term operating performance of the Group, with the deferred element providing a strong focus on share price performance over the deferral period.

LONG TERM INCENTIVE

In October 2009, Shareholder approval was obtained for the Moss Bros Group 2009 Long Term Incentive Plan (LTIP). Under the new LTIP, members of the Executive Management team (including Executive Directors) may receive an award of a number of ordinary shares in the Company issued in the future at a nil exercise price. The award granted under the LTIP in 2009/10 will vest in any financial year, commencing with the financial year ended January 2010, up to a five year period ending with the financial year January 2014, subject to the satisfaction of challenging performance conditions and the requirement for continued employment. If the targets are not achieved during the five year period, the award will lapse.

During the year to 30 January 2010, under the LTIP 5,128,205 shares were awarded to Brian Brick and shares with an equivalent value of up to 50% of base salary were awarded to other Executive Directors and members of the Executive Management team.

The 2009 awards for Executive Directors and other members of the Executive Management team are subject to a performance condition based on EBITDA as follows:

- (i) the first 50% of the award will vest if the EBITDA for the Company is equal to or greater than £6 million for any financial year in the performance period;
- (ii) the next 25% of the award will vest if the EBITDA for the Company is equal to or greater than £8 million for any financial year in the performance period; and
- (iii) the final 25% of the award will vest if the EBITDA for the Company is equal to or greater than £9 million for any financial year in the performance period.

The performance period for the 2009 awards is the Company's five financial years commencing with the financial year ended January 2010. EBITDA for these purposes means Earnings before Interest, Taxation, Depreciation (including, for the sake of clarity, depreciation of hire inventory) and Amortisation, excluding the effects of Exceptional Items and after any charges arising from the LTIP.

In addition, the 2009 awards will not vest unless the Committee is satisfied that the annual EBITDA performance is reflective of the long-term underlying financial performance of the Company. Furthermore the 2009 awards will not vest until the Company has re-introduced a dividend policy to Shareholders.

EBITDA has been chosen as the performance metric as it provides a strong focus on the level of profitability at an operating level. The Committee will ensure that a consistent approach (in line with our principal accounting policies) is taken in relation to its calculation.

Grant levels for the initial awards have been determined to take account of the need to provide a retentive and long-term focus to remuneration policy for the Senior Executive team. EBITDA at the levels required represent a sustained and significant improvement in Company's performance which would add significant Shareholder value.

Recognising the substantial awards made in 2009, it is not proposed that there will be any further LTIP awards in the 2010/11 financial year, except for those made to newly recruited members of the Senior Executive team.

The LTIP has a dilution limit (for new and treasury shares) of 15% of the issued ordinary share capital of the Company in any ten year period for any share option scheme operated by the Company. As at 30 January 2010 the Company had 9,352,792 ordinary shares counting towards the 15% limit which represents 9.89% of the issued ordinary share capital of the Company.

PENSION ENTITLEMENT AND BENEFITS IN KIND

The Executive Directors currently receive a pension contribution of up to 15% of base salary which the Company will pay directly into the Executive Directors' chosen pension arrangement. For the year under review Brian Brick received a salary supplement worth 15% of his base salary in lieu of his pension payment. The Committee has reviewed the policy on pension arrangements for the Executive Directors for 2010/11 and, recognising the importance of the overall value of the Executive Director's package, has decided to increase the pension contribution made on behalf of Brian Brick to 20% of base salary from April 2010. Other Executive Directors will continue to receive a pension contribution of up to 15% of base salary.

Benefits in kind comprise the option of a company car, a private medical insurance, life assurance and clothing allowance.

DIRECTORS' REMUNERATION REPORT

CONTINUED

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The Committee's policy is to offer service contracts with notice periods of six months. Brian Brick's contract of service which is dated 16 April 2009 is terminable on six months notice by either party. Michael Hitchcock's service contract is also terminated by either party on six months notice. The Executive Directors' service contracts are automatically reviewed when the Executive Director attains the age of 60.

Upon termination the Executive Directors are entitled to salary and benefits for the duration of the notice period. It is the policy of the Remuneration Committee to seek to mitigate termination payments. The Executive Directors are subject to a six month non-compete clause from the date of termination.

Ciaran McCloskey received salary, benefits and pension up to and until he left the Company on 5 October 2009. In accordance with the terms of his service agreement he received £59,000 in lieu of notice. He will not participate in the annual bonus scheme for the year ended 30 January 2010 and any entitlement to long term incentive awards lapsed. Details of his remuneration package for the year ended 30 January 2010 are set out in the emoluments table on page 23.

Michael Hitchcock will receive salary, benefits and pension up to and until he leaves the Company on 30 April 2010. In accordance with the terms of his service agreement he will receive £41,075.07 in lieu of notice and £26,457.92 severance pay. The executive share options he holds under the approved and unapproved executive share option scheme will lapse with effect from 30 April 2010. In addition his award of 404,083 shares under the Moss Bros Group 2009 Long Term Incentive Plan will also lapse on 30 April 2010.

EXTERNAL DIRECTORSHIPS FOR EXECUTIVE DIRECTORS

The Company believes that there are benefits to the Company and for Executive Directors accepting non-executive directorships in other organisations. Executive Directors may accept a non-executive directorship with the prior agreement of the Board provided it does not conflict with the Group's interests and the time commitment does not impact upon the Executive Director's performance. The Executive Directors may retain the fees from their external directorships.

Brian Brick is a director of Ambleside Consulting Limited. He did not receive any fees during the year to 30 January 2010 in respect of this directorship.

NON-EXECUTIVE DIRECTORS

Non-Executive Directors are generally appointed initially for a three year term and after review will normally be proposed for a further three year term. The Group takes into account the balance of skills and experience of the Board, their contribution and level of independence when considering whether to extend their appointment beyond the initial term. The Board may ask a Non-Executive Director to remain for a further three year term. The Chairman's appointment is terminable on six months notice on either side. All other Non-Executive Directors' appointments are terminable on three months notice on either side.

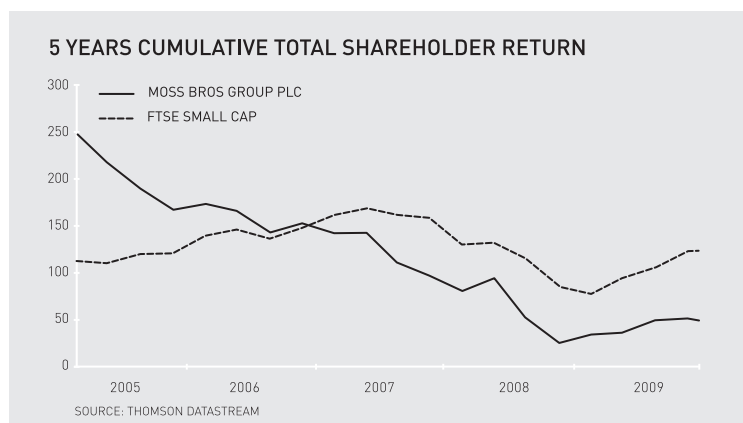
Details of their current appointments are as follows:

	Appointment date
David Adams	23 July 2008
Debbie Hewitt	1 June 2009
Anthony Bogod	25 May 2007
Simon Berwin	29 May 2009
Mark Bernstein	19 December 2001

Non-Executive Directors are not entitled to bonus payments or pension arrangements nor do they participate in the Company's long term incentive schemes. Fees for the Non-Executive Directors are determined by the Board within the limits set by the Articles of Association and are based on information on fees paid in similar companies taking into account the experience of the individuals and the relative time commitments involved.

TOTAL SHAREHOLDER RETURN

The graph below shows the total cumulative Shareholder return for the Group since 1 February 2005. The index selected was the FTSE Small Cap Index as this was the index of which the Group was a constituent for most of the period shown.



AUDITED INFORMATION

EXECUTIVE DIRECTORS' EMOLUMENTS

Full details of the emoluments of the Executive Directors, relating to the year ended 30 January 2010 were as follows:

	Salary	Benefits	Bonus	Severance payments	Total	Total	Pension	Pension
	£'000	£'000	£'000	£'000	2010	2009	Contributions	Contributions
					£'000	£'000	£'000	£'000
B Brick	260	2**	25*	-	287	21	28	-
M Hitchcock	203	3**	10	-	216	243	28	28
C McCloskey	121	18	-	59	198	91	26	9
P Mountford	-	-	-	-	-	646	-	67
Total	584	23	35	59	701	1,001	82	104

* 50% of the bonus is deferred in shares.

** Salary includes a car allowance.

Benefits in kind include the provision to every Executive Director of the option of a company car, private medical insurance, life assurance, permanent health insurance and clothing allowance.

Based on performance during the year, it was determined that bonuses of a total of £34,500 should be payable to Executive Directors. Bonuses were awarded taking into account the financial performance of the business and management of the Company's cash throughout the year. Half of any bonus is deferred in shares in line with the policy: accordingly for Brian Brick £12,500 of bonus is deferred in shares. Michael Hitchcock received only the cash element of the bonus, as the deferred share element lapsed on 14 January 2010.

Following cessation of employment during the year, Ciaran McCloskey is not eligible to receive any bonus payment for 2009/10.

DIRECTORS' REMUNERATION REPORT

CONTINUED

AUDITED INFORMATION CONTINUED

NON-EXECUTIVE DIRECTORS' EMOLUMENTS

Details of the Non-Executive Directors' emoluments for the year ended 30 January 2010 are set out below.

	Fee £'000	Benefits £'000	Year ended 30 January 2010 Total £'000	Year ended 31 January 2009 Total £'000
David Adams	80	1 ^(c)	81	42
Debbie Hewitt ^(a)	26	2 ^(c)	28	–
Anthony Bogod	30	–	30	25
Simon Berwin ^(a)	17	–	17	–
Mark Bernstein	25	–	25	25
Keith Hamill ^(b)	–	–	–	29
Robert Marsh ^(b)	–	–	–	27
Bernie Myers ^(b)	–	–	–	30
Don McCarthy ^(b)	–	–	–	25
Rowland Gee ^(b)	–	–	–	27
Total	178	3	181	230

(a) Debbie Hewitt and Simon Berwin were appointed Non-Executive Directors part way through the year under review.

(b) Keith Hamill, Robert Marsh, Bernie Myers, Don McCarthy and Rowland Gee resigned as Non-Executive Directors prior to the commencement of the year under review and therefore received no emoluments in respect of this period.

(c) Clothing allowance benefit which is available to all Directors.

MOSS BROS GROUP 2009 LONG TERM INCENTIVE PLAN (LTIP)

Details of the awards held by the Executive Directors under the Moss Bros Group 2009 Long Term Incentive Plan are set out below:

	At 1 February 2009	Granted during year	At 30 January 2010	Date of award	Earliest vesting date	Share price on date of grant £
Brian Brick	–	5,128,205	5,128,205	16.11.2009	16.11.2012	0.2545
Michael Hitchcock	–	404,083	404,083*	16.11.2009	16.11.2012	0.2545

*The award over 404,083 Shares held by M Hitchcock will lapse as at 30 April 2010 following the announcement of his resignation as a Director of the Company from this date.

All awards granted under the LTIP are subject to continued employment and the satisfaction of the performance conditions set out on page 21. None of the above awards have vested, exercised or lapsed in the period under review. All have a nil exercise price. The awards granted to Michael Hitchcock will lapse on 30 April 2010.

SHARE OPTIONS

Share options have been granted in the past and are exercisable between three and ten years from the date of grant subject to the performance criteria being achieved over the three years following grant. The performance criteria in respect of the Executive Share Options granted at 47.50 pence in 2007 is 20% compound growth in basic earnings per share.

There were no Executive Share Option scheme grants made during the period under review.

The audited table below details movements in the options granted to Directors who held office during the year to 30 January 2010.

	At 1 February 2009	Granted	Lapsed	At 30 January 2010	Exercise price (pence)	Earliest date of exercise	Expiry date
Michael Hitchcock							
UNAPPROVED EXECUTIVE SHARE OPTION SCHEME							
	686,274	-	686,274	-	-	-	-
	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	-	686,274	757,895*			
Ciaran McCloskey							
UNAPPROVED EXECUTIVE SHARE OPTION SCHEME							
	610,684	-	610,684	-	47.50	07.11.2010	05.10.2009**
APPROVED EXECUTIVE SHARE OPTION SCHEME							
	63,000	-	63,000	-	47.50	07.11.2010	05.10.2009**
	673,684	-	673,684	-			

*The option over 757,895 shares held by M Hitchcock will lapse at 30 April 2010 following the announcement of his resignation as a Director of the Company with effect from that date.

**Date of termination of employment.

DIRECTORS' INTERESTS

The beneficial interests of the Directors who served at the end of the year, together with those of their families are shown in the Report of the Directors on page 13.

The mid market price of the Company's shares during the period ranged from 8.25 pence to 29.50 pence. At 30 January 2010, the mid market price was 21.25 pence.

By Order of the Board

DEBBIE HEWITT CHAIRMAN OF THE REMUNERATION COMMITTEE
24 March 2010

DIRECTORS' RESPONSIBILITIES STATEMENT

IN RESPECT OF THE ANNUAL REPORT, THE DIRECTORS' REMUNERATION REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual 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. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that 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 that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, 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
- 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 that they face.

By order of the Board

B BRICK CHIEF EXECUTIVE
24 March 2010

M HITCHCOCK FINANCE DIRECTOR
24 March 2010

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MOSS BROS GROUP PLC

We have audited the financial statements of Moss Bros Group Plc for the 52 weeks ended 30 January 2010 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Parent Company Balance Sheet and the related notes 1 to 34. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 January 2010 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

SEPARATE OPINION IN RELATION TO IFRSS AS ISSUED BY THE IASB

As explained in note 1 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the directors report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

EDWARD HANSON

(SENIOR STATUTORY AUDITOR) FOR AND ON BEHALF OF DELOITTE LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

24 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 30 JANUARY 2010

	52 weeks to 30 January 2010			53 weeks to 31 January 2009			
	Note	Underlying £'000	Exceptional items (note 1&6) £'000	Total £'000	Underlying £'000	Exceptional items (note 1&6) £'000	Total £'000
REVENUE		128,737	-	128,737	129,684	-	129,684
Cost of sales		(57,747)	-	(57,747)	(60,481)	(600)	(61,081)
GROSS PROFIT/(LOSS)		70,990	-	70,990	69,203	(600)	68,603
Administrative expenses		(5,136)	(178)	(5,314)	(5,612)	(990)	(6,602)
Shops' selling and marketing costs		(69,778)	(2,553)	(72,331)	(68,847)	(2,691)	(71,538)
OPERATING LOSS		(3,924)	(2,731)	(6,655)	(5,256)	(4,281)	(9,537)
Investment revenues	4	24	-	24	288	-	288
Financial costs	4	(24)	-	(24)	(33)	-	(33)
LOSS BEFORE TAXATION	5	(3,924)	(2,731)	(6,655)	(5,001)	(4,281)	(9,282)
Taxation	9	749	134	883	(41)	359	318
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	17	(3,175)	(2,597)	(5,772)	(5,042)	(3,922)	(8,964)
Basic loss per share	10			(6.11)p			(9.48)p
Diluted loss per share	10			(6.11)p			(9.48)p

All revenue and profits relate to the continuing operations of the Group. All of the losses are attributable to the owners of the parent company.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 30 JANUARY 2010

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
53 WEEKS ENDED 31 JANUARY 2009				
BALANCE AT 27 JANUARY 2008	4,724	8,666	36,177	49,567
Loss for the period	-	-	(8,964)	(8,964)
Issue of share capital	3	7	-	10
Dividends	-	-	(1,228)	(1,228)
BALANCE AT 31 JANUARY 2009	4,727	8,673	25,985	39,385

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
52 WEEKS ENDED 30 JANUARY 2010				
BALANCE AT 1 FEBRUARY 2009	4,727	8,673	25,985	39,385
Loss for the period	-	-	(5,772)	(5,772)
Credit to equity for equity settled share based payments	-	-	110	110
BALANCE AT 30 JANUARY 2010	4,727	8,673	20,323	33,723

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JANUARY 2010

	Note	30 January 2010 £'000	31 January 2009 £'000
ASSETS			
Intangible assets	12	1,609	1,849
Property, plant and equipment	13	21,810	27,069
Lease improvements	13	1,700	2,542
TOTAL NON-CURRENT ASSETS		25,119	31,460
Inventories	14	16,925	15,394
Trade and other receivables	15	5,782	6,411
Cash and cash equivalents	22	6,279	8,107
Current tax asset		-	44
TOTAL CURRENT ASSETS		28,986	29,956
TOTAL ASSETS		54,105	61,416
EQUITY			
Issued capital	16	4,727	4,727
Share premium account		8,673	8,673
Retained earnings	17	20,323	25,985
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		33,723	39,385
LIABILITIES			
Other payables	18	2,579	2,504
Deferred tax liabilities	9	2,657	3,655
TOTAL NON-CURRENT LIABILITIES		5,236	6,159
Trade and other payables	19	15,124	15,672
Provisions	20	-	200
Current tax liability		22	-
TOTAL CURRENT LIABILITIES		15,146	15,872
TOTAL LIABILITIES		20,382	22,031
TOTAL EQUITY AND LIABILITIES		54,105	61,416

The financial statements (registered number 134995) on pages 30 to 50 were approved by the Board of Directors on 24 March 2010 and were signed on its behalf by:

B BRICK CHIEF EXECUTIVE
24 March 2010

M HITCHCOCK FINANCE DIRECTOR
24 March 2010

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 52 WEEKS ENDED 30 JANUARY 2010

		52 weeks to 30 January 2010 £'000	53 weeks to 31 January 2009 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(6,655)	(9,537)
Adjustments for:			
Amortisation of intangible assets	12	647	516
Impairment of property, plant and equipment	13	2,251	2,406
Depreciation of property, plant and equipment	13	6,464	6,113
Loss on sale of property, plant and equipment		35	18
(Increase)/decrease in inventories		(1,531)	3,785
Decrease in receivables		629	1,341
Decrease in payables		(722)	(3,483)
Share based payments charge		110	-
NET CASH FROM OPERATING ACTIVITIES		1,228	1,159
CASH FLOWS USED IN INVESTING ACTIVITIES			
Finance income (net)	4	-	255
Purchase of intangible assets	12	(407)	(461)
Purchase of property, plant and equipment	13	(3,082)	(7,169)
Proceeds on disposal of property, plant and equipment		433	-
NET CASH USED IN INVESTING ACTIVITIES		(3,056)	(7,375)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	11	-	(1,228)
Proceeds from the issue of shares		-	10
NET CASH USED IN FINANCING ACTIVITIES		-	(1,218)
Cash and cash equivalents at beginning of period		8,107	15,541
Decrease in cash and cash equivalents		(1,828)	(7,434)
Cash and cash equivalents at end of period		6,279	8,107

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 30 JANUARY 2010

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 under the Companies Act. The consolidated financial statements of the Company for the 52 weeks ended 30 January 2010 ("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 51 to 61.

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 the historical cost basis except where IFRSs require an alternative treatment. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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 except as set out below. The estimates and underlying assumptions are reviewed on an on-going basis.

The Group and Company financial statements are presented in sterling because that is the currency of the primary economic environment in which the Group operates 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 53 weeks ended 31 January 2009. These can be seen via www.moss.co.uk.

ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

STANDARDS AFFECTING PRESENTATION AND DISCLOSURE

IAS 1 (revised 2007) Presentation of Financial Statements – IAS 1 (revised 2007) has introduced a number of changes in the format and content of the financial statements.

IFRS 8 Operating Segments – IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 3 for further detail).

STANDARDS AFFECTING THE REPORTED RESULTS AND FINANCIAL POSITION

The following amendments were made as part of Improvements to IFRSs (2008).

Amendment to IAS 38 Intangible Assets – IAS 38 has been amended to state that an entity is permitted to recognise a prepayment asset for advertising or promotional expenditure only up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services and thereafter it has to be expensed.

The adoption of the amendment to IAS 38 has not led to any significant impact on the financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations – The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions and clarify the accounting treatment for cancellations. The amendment has been applied retrospectively in accordance with the relevant transitional provisions. The adoption of the amendments to IFRS 2 have not led to any significant impact on the financial statements.

The adoption of these Interpretations has not led to any material changes in the Group's accounting policies.

STANDARDS NOT AFFECTING THE REPORTED RESULTS NOR THE FINANCIAL POSITION

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

ADOPTION OF NEW AND REVISED STANDARDS CONTINUED

STANDARDS NOT AFFECTING THE REPORTED RESULTS NOR THE FINANCIAL POSITION CONTINUED

Amendment to IAS 40 Investment Property. IAS 40 has been amended to include within its scope investment property in the course of construction.

Amendment to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. IAS 20 has been amended to require that the benefit of a government loan at a below-market rate of interest to be treated as a government grant. This accounting treatment was not permitted prior to this amendment.

IAS 23 (revised 2007) Borrowing Costs. The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation. The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rate share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items. The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Embedded Derivatives (Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement). The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' (FVTPL) category as permitted by the October 2008 amendments to IAS 39 Financial Instruments: Recognition and Measurement (see above).

IFRIC 15 Agreements for the Construction of Real Estate. The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognised.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation. The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

IFRIC 18 Transfers of Assets from Customers (adopted for transfers of assets from customers received on or after 1 July 2009). The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes what item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of transfer, with the credit recognised in accordance with IAS 18 Revenue.

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 3 (revised 2008)	Business Combinations
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 28 (revised 2008)	Investment in Associates
IFRIC 17	Distributions of Non-cash Assets to Owners

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

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 30 January 2010. 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 balances, income, expenditure and expenses are eliminated on consolidation.

GOING CONCERN

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on page 17.

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. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

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.

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 30 January 2010, 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

The tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profits as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

DEFERRED TAX

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if a temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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, redundancy 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.

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

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.

During the year a new Long Term Incentive Plan (LTIP) was approved and the fair value is measured at grant date and recognised over the estimated vesting period. The fair value of the LTIP is recognised as an employee expense with a corresponding increase in equity.

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.

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	5 – 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 IMPROVEMENTS

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

Location premiums are paid to enter a property which is in a desirable location, stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on location premiums written off over the useful economic life of up to 50 years on a straight line basis.

INVENTORIES

Retail inventory is valued at the lower of cost (weighted average by season) and estimated net realisable value (estimated selling price less estimated costs of completion and costs to be incurred in selling and distribution). Net realisable value is estimated as discussed in note 2. Volume discounts received and receivable are deducted from the cost of inventories.

PROVISIONS

Provisions are when the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

1. PRINCIPAL ACCOUNTING POLICIES CONTINUED

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 with the exception of Brian Brick, who holds 50,000 ordinary shares, do not hold any ordinary shares. Share options and shares to be issued under the LTIP which are outstanding amounts to just under 9.89% (2009 – 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.

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. Management estimates discount rates using a pre-tax discount rate of 10%. Sales and cost growth rates are based on the managements' best expectations of future business performance over a maximum period of five years.

As a result an impairment loss of £2,251,000 was recognised for the period ended 30 January 2010 (2009 – £2,406,000).

SHARE-BASED PAYMENT TRANSACTIONS

The fair values of the options granted, and shares granted under the LTIP, 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 and shares were granted. Details of the assumptions used are set out in note 8. The cumulative amount recorded in the income statement in respect of share-based payment transactions is £110,000 (2009 – £nil) and solely relates to the LTIP. The Company do not consider that any of the outstanding share options granted in prior years, and 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 30 January 2010 was £915,000 (2009 – £1,102,000).

The basis of the provision has remained materially consistent on the prior year.

3. REVENUE AND BUSINESS SEGMENTS

OPERATING SEGMENTS

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

The Group has adopted IFRS 8 Operating Segments with effect from the current year. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segmental Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as a starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

In prior years, segment information reported externally was not further analysed as management considered that all revenues derive from the same business segment, being the sale and hire of menswear. However, information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance is more specifically focused on the split between retail and hire.

Information regarding the Group's operating segments is reported below. Amounts reported for the prior periods have been restated to conform to the requirements of IFRS 8.

3. REVENUE AND BUSINESS SEGMENTS CONTINUED

OPERATING SEGMENTS CONTINUED

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

KEY FINANCIALS	52 weeks to 30 January 2010 £'000	53 weeks to 31 January 2009 £'000
Revenue		
Retail	114,550	114,916
Hire	14,187	14,768
Total revenue	128,737	129,684
Gross profit		
Retail	61,098	58,175
Hire	9,892	10,428
Total gross profit	70,990	68,603
Administrative expenses	(5,314)	(6,602)
Shops' selling and marketing costs	(72,331)	(71,538)
Operating loss	(6,655)	(9,537)
Investment revenues	24	288
Financial costs	(24)	(33)
Loss before taxation	(6,655)	(9,282)

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

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

On the same basis, assets cannot be allocated between retail and hire, and are not reported to the Chief Executive.

4. INVESTMENT REVENUE AND FINANCIAL COSTS

	2010 £'000	2009 £'000
Interest receivable on bank deposits	24	288
Interest payable on bank overdrafts	(24)	(33)
	-	255

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5. LOSS ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAXATION

	2010 £'000	2009 £'000
Loss on ordinary activities before taxation is stated after charging the following:		
Staff costs	26,511	26,237
Depreciation of property, plant and equipment	6,027	5,843
Depreciation of leasehold improvements	437	270
Amortisation of intangibles	647	516
Operating lease charges		
– land and buildings	24,590	24,597
– other	171	188
Other operating income	(649)	(381)
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	83
Fees payable to the Company's current auditors for other services to the Company		
– the audit of the Company's subsidiaries pursuant to legislation ⁽¹⁾	10	22
Total audit fees	93	105
Other services provided by the Company's current auditors pursuant to legislation	19	26
Tax services provided by the Company's current auditors	46	33
Total non-audit fees paid to the Company's current auditors	65	59
Total fees paid to the Company's current auditors	158	164
Fees paid to the Company's previous auditors:		
Non-audit fees paid to the Company's previous auditors for other services to the Company	–	22
Total fees paid to the auditors and its associates related to audit services	–	22
Total fees paid to the Company's current and previous auditors	158	186

⁽¹⁾ Prior year relates to two years of subsidiary accounts.

6. EXCEPTIONAL ITEMS

	2010 £'000	2009 £'000
Cost of sales:		
Stock provision adjustment	–	600
Administration expenses:		
Costs arising from management restructuring	178	367
Redundancy provision	–	200
Bid defence costs	–	423
Total exceptional administration expenses	178	990
Shop selling and marketing costs:		
Other property related losses		
– impairment charge	2,251	2,406
– cost of exit of leasehold property	–	185
Other	302	100
Total exceptional shop selling and marketing costs	2,553	2,691
Tax credit related to exceptional items	(134)	(359)

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:

	2010	2009
	Number	Number
Distribution	108	108
Selling and marketing	960	935
Administration	36	46
	1,104	1,089
	2010	2009
	£'000	£'000
The aggregate staff costs recognised in the income statement were as follows:		
Wages and salaries	24,005	23,847
Social security costs	2,051	2,031
Contributions to defined contribution plans	345	359
Equity settled transactions (note 8)	110	–
	26,511	26,237

Directors' emoluments are disclosed within the Directors' Remuneration Report on pages 19 to 25.

8. SHARE BASED PAYMENTS

EQUITY SETTLED SHARE OPTION SCHEME

The only equity settled share option grant made prior to 7 November 2002 lapsed with effect from 19 January 2010.

On 1 June 2006, 30 October 2006, 7 November 2007 and 5 November 2008 share options were granted to Directors and senior employees to purchase shares in Moss Bros Group Plc under the Executive Share Option Scheme. During the period to 30 January 2010 no additional grants were made. The share options granted on 1 June 2006 and 30 October 2006 lapsed during the current year. 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.

There was no charge for these schemes in the current year (2009 – £nil).

Grant date/employees entitled	Number of share options	Vesting conditions	Contractual life of options
Option grant to one Director on 30 October 2006	686,274 ⁽¹⁾	Two years of service. Earnings per Share must increase by 10% CAGR ⁽³⁾ 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	2,427,632 ⁽²⁾	Three years of service. Earnings per Share must increase by 20% CAGR ⁽³⁾ 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)

⁽¹⁾ The option over 686,274 shares held by M Hitchcock lapsed during the year as the vesting conditions were not met.

⁽²⁾ Share options include the option over 757,895 shares held by M Hitchcock that will lapse with effect from 30 April 2010 following the announcement of his resignation as a director from that date when the vesting conditions will not have been met.

⁽³⁾ CAGR is compound annual growth rate.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

8. SHARE BASED PAYMENTS CONTINUED

EQUITY SETTLED SHARE OPTION SCHEME CONTINUED

	Oct 2006 grant	Nov 2007 grant	Nov 2008 grant
Fair value of share options and assumptions			
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%

RECONCILIATION OF SHARE OPTIONS

	2010		2009	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Options outstanding at the beginning of the period	5,347,082	48.58	8,656,058	57.06
Granted in the period	-	-	244,000	12.25
Exercised in the period	-	-	(172,356)	20.00
Lapsed in the period	(2,675,450)	50.83	(3,380,620)	68.23
Options outstanding at the end of the period	2,671,632	44.28	5,347,082	48.58
Fully exercisable at the end of the period	-	-	915,492	35.50

The weighted average contractual life of options outstanding is 8.1 years (2009 – 8.1 years).

Executive share option scheme: Options are outstanding in respect of the following ordinary shares at 30 January 2010:

	Number of ordinary Shares	Exercisable option price per share (pence)	Exercisable option dates (calendar year)
	2,427,632	47.50	2010/2017
	244,000	12.25	2011/2018

LONG TERM INCENTIVE PLAN

On 7 November 2009 a new Long Term Incentive Plan (LTIP) was approved and 6,681,160 shares were awarded to Directors and senior employees. In accordance with this plan, the shares are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for the continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period.

A current year expense of £110,000 has been recognised in relation to share based payments (2009 – £nil).

Grant date/employees entitled	Number of shares under the LTIP	Vesting conditions	Contractual life of shares
Option grant to two Directors and senior employees on 7 November 2009	6,681,160 ⁽¹⁾	See Directors' Report page 21	5 years

⁽¹⁾ Shares include 404,083 shares held by M Hitchcock that will lapse with effect from 30 April 2010 following the announcement of his resignation as a director from that date when the vesting conditions will not have been met.

8. SHARE BASED PAYMENTS CONTINUED
LONG TERM INCENTIVE PLAN CONTINUED

Fair value of share options and assumptions	Nov 2009 grant
Fair value at grant date (pence per share)	23.85
Share price (pence per share)	25.45
Exercise price (pence per share)	-
Expected volatility (expressed as weighted average volatility used in the modelling under the Black-Scholes model)	21.0%
Option life (years)	2.17
Expected dividend yield	3%
Risk-free interest rate	0.5%

RECONCILIATION OF SHARE AWARDS

	2010 Number	2010 Weighted average exercise price ⁽²⁾ (pence)	2009 Number	2009 Weighted average exercise price (pence)
Share awards outstanding at the beginning of the period	-	-	-	-
Granted in the period ⁽¹⁾	6,681,160	-	-	-
Exercised in the period	-	-	-	-
Lapsed in the period	-	-	-	-
Share awards outstanding at the end of the period	6,681,160	-	-	-
Fully exercisable at the end of the period	-	-	-	-

⁽¹⁾ Shares include 404,083 shares held by M Hitchcock that will lapse with effect from 30 April 2010 following the announcement of his resignation as a director from that date when the vesting conditions will not have been met.

⁽²⁾ All shares have £nil exercise price.

Expected volatility was determined by calculating the historical volatility of the Group's share price over a period of four years. The expected life used in the model has been based on management's best estimate of the Group reaching the performance conditions.

9. TAXATION

(A) TAXATION RECOGNISED IN THE INCOME STATEMENT IS AS FOLLOWS:	2010 £'000	2009 £'000
Current tax charge/(credit)		
Current period	22	-
Adjustment for prior periods	93	(76)
	115	(76)
Deferred tax credit	(998)	(242)
Total taxation credit in the income statement	(883)	(318)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. TAXATION CONTINUED

(B) FACTORS AFFECTING THE TAX CREDIT FOR THE PERIOD	2010 £'000	2009 £'000
Loss on ordinary activities before tax	(6,655)	(9,282)
Loss before tax multiplied by rate of corporation tax in the UK of 28% (2009 – blended rate 28.33%)	(1,863)	(2,630)
Items not deductible for tax purposes	61	887
Depreciation on assets not qualifying for capital allowances	283	904
Reversal of previously recognised deferred tax asset	332	211
Adjustment in respect of prior period	93	(76)
Loss carried backward to prior period	–	385
Other	–	1
Deferred tax assets not recognised	189	–
Foreign tax payable	22	–
Tax credit for the period	(883)	(318)

(C) ANALYSIS OF DEFERRED TAX LIABILITY	2010 £'000	2009 £'000
The deferred tax liability comprises:		
Deferred capital gains	(2,657)	(2,657)
Accelerated capital allowances	(819)	(1,841)
Other short-term timing differences	12	67
Group tax loss carried forward	807	776
Deferred tax liability	(2,657)	(3,655)

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:

	2010 £'000	2009 £'000
Deferred tax assets	819	843
Deferred tax liabilities	(3,476)	(4,498)
	(2,657)	(3,655)

(D) MOVEMENT IN DEFERRED TAX LIABILITY	£'000
Liability at 31 January 2009	(3,655)
Credit for the period	998
Liability at 30 January 2010	(2,657)

10. EARNINGS PER SHARE

Basic loss per ordinary share is based on the weighted average of 94,530,752 (2009 – 94,521,817) ordinary shares in issue during the period and are calculated by reference to the loss attributable to shareholders of £5,772,000 (2009 – loss of £8,964,000).

Diluted loss per ordinary share is based upon the weighted average of 94,530,752 (2009 – 94,521,817) ordinary shares which excludes the effects of share options and shares under the LTIP, 6,393,020 (2009 – 8,554,626) that were anti-dilutive for the periods presented but could dilute earnings per share in the future and are calculated by reference to the loss attributable to shareholders as stated above. In the current and prior period the weighted average number of ordinary shares was not diluted, as per IAS 33 'Earnings per Share', as this would decrease the basic loss per share.

11. DIVIDEND

	2010	2009
	£'000	£'000
Special dividend at nil pence per share (2009 – 1.30 pence per share)	–	1,228

No final dividend or interim dividend were declared for the period ended 30 January 2010 and 31 January 2009.

12. INTANGIBLE NON-CURRENT ASSETS MOVEMENTS IN PERIOD

	IT Software £'000
COST OR VALUATION:	
At 31 January 2009	2,870
Additions	407
AT 30 JANUARY 2010	3,277
AMORTISATION:	
At 31 January 2009	1,021
Charged in year	647
AT 30 JANUARY 2010	1,668
NET BOOK VALUE:	
AT 30 JANUARY 2010	1,609
At 31 January 2009	1,849

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 improvements £'000	Total £'000
COST OR VALUATION:						
At 31 January 2009	859	75,704	11,035	87,598	6,424	94,022
Additions	–	2,085	743	2,828	254	3,082
Disposals	(859)	(210)	–	(1,069)	–	(1,069)
AT 30 JANUARY 2010	–	77,579	11,778	89,357	6,678	96,035
DEPRECIATION:						
At 31 January 2009	459	52,614	7,456	60,529	3,882	64,411
Charged in year	–	4,560	1,467	6,027	437	6,464
Impairment charge	–	1,592	–	1,592	659	2,251
Disposals	(459)	(142)	–	(601)	–	(601)
AT 30 JANUARY 2010	–	58,624	8,923	67,547	4,978	72,525
NET BOOK VALUE:						
AT 30 JANUARY 2010	–	18,955	2,855	21,810	1,700	23,510
At 31 January 2009	400	23,090	3,579	27,069	2,542	29,611

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

Included within leasehold improvements at 30 January 2010 are £318,000 location premiums (31 January 2009 – £879,000). Location premiums relate to premiums paid to enter a property which is in a desirable location.

In the prior year leasehold improvements and location premiums were classified under leasehold prepayments.

(B) COMMITMENTS

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

	2010 £'000	2009 £'000
Contracted	1,070	1,975

(C) OPERATING LEASES

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

	2010		2009	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Payments falling due:				
– within one year	21,773	64	22,354	70
– in the second to fifth year	66,240	88	71,694	63
– over five years	46,478	–	55,735	–
	134,491	152	149,783	133

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

	2010 £'000	2009 £'000
Retail inventory	17,840	16,496
Retail inventory provisions	(915)	(1,102)
	16,925	15,394

15. TRADE AND OTHER RECEIVABLES

	2010 £'000	2009 £'000
Trade receivables	184	248
Other receivables	390	174
Prepayments and accrued income	5,208	5,989
	5,782	6,411

No receivables are due after more than one year.

The Company's exposure to credit risks and impairment losses related to trade receivables is disclosed in note 22.

16. SHARE CAPITAL

	2010 £'000	2009 £'000
AUTHORISED: 120,000,000 ordinary shares of 5 pence each (2009 – 120,000,000)	6,000	6,000
ALLOTTED, CALLED UP AND FULLY PAID: Balance at beginning of the period: 94,530,752 ordinary shares of 5 pence each (2009 – 94,479,751)	4,727	4,724
No ordinary shares of 5 pence each issued during the period pursuant to exercise of share options (2009 – 51,001)	-	3
Balance at end of the period: 94,530,752 ordinary shares of 5 pence each (2009 – 94,530,752)	4,727	4,727

No options were exercised during the current year. The average share price of the ordinary shares as at the date of exercise of the above options during 2009 was 46.75 pence.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

17. RETAINED EARNINGS

	Own shares £'000	Retained earnings £'000	Total £'000
At 26 January 2008	(210)	36,387	36,177
Loss after taxation	-	(8,964)	(8,964)
Dividends paid	-	(1,228)	(1,228)
At 31 January 2009	(210)	26,195	25,985
Loss after taxation	-	(5,772)	(5,772)
Credit to equity for equity settled share based payments	-	110	110
AT 30 JANUARY 2010	(210)	20,533	20,323

The Group has an employee benefit trust which holds 300,000 Shares (2009 – 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 30 January 2010 the shares had a carrying value of £0.2m and a market value of £0.1m. (2009 – carrying value £0.2m and market value of £0.1m). This has been consolidated within retained earnings.

18. OTHER PAYABLES DUE AFTER ONE YEAR

	2010 £'000	2009 £'000
Accruals and deferred income	2,579	2,504

19. TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Trade payables (principally sterling denominated)	8,204	9,949
Other payables including taxation and social security	2,751	3,539
Accruals and deferred income	4,169	2,184
	15,124	15,672
Other payables including taxation and social security comprise:		
Other taxes	1,816	2,730
Social security	642	590
	2,458	3,320
Other payables	293	219
	2,751	3,539

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

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

20. PROVISIONS – CURRENT

	2010 £'000	2009 £'000
At 31 January 2009	200	300
Utilised during the period	(200)	(300)
Charged in period to the income statement	-	200
AT 30 JANUARY 2010	-	200

The provisions in the prior year are for redundancies following the restructuring of central functional services, which were utilised during the course of the current year.

21. PENSIONS

On 31 January 2009 the money purchase scheme was wound up. As at 30 January 2010 there are no outstanding contributions (2009 – nil).

22. 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 31 March 2010 to help finance its seasonal working capital requirement, as necessary. The Group's bankers have indicated their intention to renew facilities for a further year at the same level, and final discussions as to the terms of those renewed facilities are currently taking place. The Company's cash position is monitored daily by management and funds are only invested in investments approved by the Board.

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 nil outstanding financial instruments as at 30 January 2010 (2009 – 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	
	2010	2009
	£'000	£'000
Trade receivables	184	248

There was no provision for impairment charged to profit in the current period (2009 – £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	
	2010	2009
	£'000	£'000
Currency:		
Sterling	6,022	8,044
Other	257	63
Total	6,279	8,107

Cash and cash equivalents generate interest income related to Base Rate plus 10 basis points (2009 – 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 0.8% (2009 – 4.48%).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

22. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

(C) FINANCIAL LIABILITIES

There were no financial liabilities after excluding current trade payables as at 30 January 2010 (2009 – nil).

(D) FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

As at 30 January 2010 and 31 January 2009, there was no material difference between the fair values and book values of the Company's financial assets or liabilities.

23. 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 19 to 25. 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:

	2010	2009
	£'000	£'000
Short-term employee benefits	882	975
Termination payments	111	–
Contributions to defined contribution plans	29	23
	1,022	998

Total remuneration is included in administrative expenses and relates to 13 employees in the period ended 30 January 2010 (2009 – 11). During the period 1,148,872 share awards were granted to key management under the LTIP. The fair value of each award was 23.85 pence; see note 8.

TRADING TRANSACTIONS

During the period, the Group entered into the following transactions with related parties who are not members of the Group:

BERWIN & BERWIN LIMITED	52 weeks to	53 weeks to
	30 January	31 January
	2010	2009
	£'000	£'000
Total inventory purchases (excluding VAT)	6,816	7,345
Total inventory purchases since appointment of Simon Berwin as a Director (excluding VAT)	4,715	n/a

Berwin & Berwin Limited; a key supplier, is considered a related party of the Group because a Non-Executive Director (appointed 29 May 2009) of Moss Bros Group Plc, Simon Berwin, is the Chief Executive and a significant shareholder of Berwin & Berwin Limited. While similar transactions were entered into in the prior period, they were not considered related party transactions, as the related party relationship did not exist in that period. At 30 January 2010 the balance owed to Berwin & Berwin Limited was £227,000.

Purchases of goods from related parties were made on an arm's length basis, consistent with the previous terms.

On 13 September 2009 an agreement was made with Berwin Retail Limited, to supply hire to Berwin Retail Limited to be sold through their House of Fraser concessions. Berwin Retail Limited is considered a related party of the Group because Simon Berwin is a Non-Executive Director of Moss Bros Group Plc, and is also the Managing Director and a significant Shareholder of Berwin Retail Limited. The gross transactional value of hire of Moss inventory in Berwin & Berwin outlets since 15 September 2009 was £82,000. Total commission paid to Berwin Retail Limited since 15 September 2009 were £45,000.

During the 53 weeks ended 31 January 2009, rents payable to entities in which a major Shareholder had a significant financial interest totalled £127,000, and the balance owed by these parties as at 31 January 2009 totalled £56,000. During the prior year this major Shareholder sold its interest in the Group and therefore there are no comparable transactions in the current year.

During the period ended 30 January 2010, the Group paid Ambleside Consulting the sum of £4,000 (2009 – £41,000) for advice which related to 2009, provided by Brian Brick, a Non-Executive Director at the time. There was no advice relating to the 52 weeks ended 30 January 2010.

COMPANY BALANCE SHEET

AS AT 30 JANUARY 2010

	Note	30 January 2010 £'000	31 January 2009 £'000
FIXED ASSETS			
Tangible assets	26	25,787	32,333
Investments	27	9,502	9,502
		35,289	41,835
CURRENT ASSETS			
Stocks	28	16,925	15,394
Debtors	29	7,856	8,652
Cash and liquid resources		5,943	8,107
		30,724	32,153
CREDITORS			
Amounts falling due within one year	30	(27,407)	(28,482)
NET CURRENT ASSETS		3,317	3,671
TOTAL ASSETS LESS CURRENT LIABILITIES		38,606	45,506
CREDITORS			
Amounts falling due after more than one year	30	(1,897)	(2,073)
PROVISIONS	30	-	(1,198)
NET ASSETS		36,709	42,235
CAPITAL AND RESERVES			
Called up share capital	31	4,727	4,727
Share premium account	32	8,673	8,673
Acquisition reserve	32	4,370	4,370
Profit and loss account	32	18,939	24,465
SHAREHOLDERS' FUNDS	32	36,709	42,235

The financial statements (registered number 134995) on pages 51 to 61 were approved by the Board of Directors on 24 March 2010 and were signed on its behalf by:

B BRICK CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

24. 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.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year.

The Company is exempt from the requirement to prepare a cash flow statement in accordance with Financial Reporting Standard Number 1.

The Company made a loss after taxation for the 52 week period to 30 January 2010 of £5,636,000 (2009 – loss of £8,675,000).

GOING CONCERN

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources in operational existence for the foreseeable future. Thus they continue to adopt a going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on page 17.

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. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

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	5-10 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 improvements are written off over the period of the lease on a straight line basis.

Location premiums are written off over the useful economic life 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 (estimated selling price less estimated costs of completion and costs to be incurred in selling and distribution). Volume discounts received and receivable are deducted from the cost of stock.

24. PRINCIPAL COMPANY ACCOUNTING POLICIES CONTINUED

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.

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

As at 30 January 2010, 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. Lease premiums and incentives are released up to the break clause.

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 are 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.

During the year a new Long Term Incentive Plan (LTIP) was approved and the fair value is measured at grant date and recognised over the estimated vesting period. The fair value of the LTIP is recognised as an employee expense with a corresponding increase in equity.

DIVIDENDS

Dividends are not accrued until approved by Shareholders.

25. 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:

	2010	2009
	Number	Number
Distribution	108	108
Selling and marketing	953	928
Administration	36	46
	1,097	1,082

(B) DIVIDENDS

	2010	2009
	£'000	£'000
Special dividend at nil pence per share (2009 – 1.3 pence per share)	–	1,228

No final dividend and interim dividend were declared for the period ended on 30 January 2010 and 31 January 2009.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

25. PROFIT AND LOSS ACCOUNT INFORMATION CONTINUED

(C) AUDIT FEE

	2010 £'000	2009 £'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	83
Total audit fees	83	83
Other services provided by the Company's current auditors pursuant to legislation	19	26
Tax services provided by the Company's current auditors	46	33
Total non-audit fees paid to the Company's current auditors	65	59
Total fees paid to the Company's current auditors	148	142
Fees paid to the Company's previous auditors:		
Non-audit fees paid to the Company's previous auditors for other services to the Company	-	22
Total fees paid to the auditor and its associates related to audit services	-	22
Total fees paid to the Company's current and previous auditors	148	164

26. FIXED ASSETS

	Freehold land and buildings £'000	Leasehold improvements £'000	Hire inventory £'000	Fixtures, vehicles and equipment £'000	Total £'000
COST OR VALUATION:					
At 31 January 2009	859	6,424	11,035	79,602	97,920
Additions	-	254	743	2,492	3,489
Disposals	(859)	-	-	(210)	(1,069)
AT 30 JANUARY 2010	-	6,678	11,778	81,884	100,340
DEPRECIATION:					
At 31 January 2009	459	3,883	7,456	53,789	65,587
Charged in year	-	436	1,467	5,413	7,316
Impairment charge	-	659	-	1,592	2,251
Disposals	(459)	-	-	(142)	(601)
AT 30 JANUARY 2010	-	4,978	8,923	60,652	74,553
NET BOOK VALUE:					
AT 30 JANUARY 2010	-	1,700	2,855	21,232	25,787
At 31 January 2009	400	2,541	3,579	25,813	32,333

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

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

Included within leasehold improvements at 30 January 2010 are £318,000 location premiums (31 January 2009 – £879,000). Location premiums relate to premiums paid to enter a property which is in a desirable location.

In the prior year leasehold improvements and location premiums were classified as leasehold prepayments.

26. FIXED ASSETS CONTINUED COMMITMENTS

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

	2010	2009
	£'000	£'000
Contracted	1,070	1,975

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

	2010		2009	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Annual commitments in respect of operating leases which expire:				
– within one year	1,186	7	1,393	22
– in the second to fifth year	9,276	57	8,635	48
– over five years	11,311	–	12,272	–
	21,773	64	22,300	70

27. FIXED ASSET INVESTMENTS

	2010	2009
	£'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.

28. STOCK

	2010	2009
	£'000	£'000
Retail stock	17,840	16,496
Retail stock provisions	(915)	(1,102)
	16,925	15,394

29. DEBTORS

	2010	2009
	£'000	£'000
Trade debtors	184	248
Amounts owed by Group undertakings	2,212	2,151
Other debtors	368	174
Tax recoverable	–	115
Prepayments and accrued income	5,092	5,964
	7,856	8,652

No debtors are due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

30. CREDITORS AND PROVISIONS

(A) CREDITORS	2010	2009
	£'000	£'000
Amounts falling due within one year		
Trade creditors	8,145	10,184
Amounts owed to group undertakings	12,181	12,555
Other creditors including taxation and social security	2,751	3,574
Accruals and deferred income	4,330	2,169
	27,407	28,482

Other creditors including taxation and social security comprise:

Other taxes	1,816	2,729
Social security	642	590
	2,458	3,319
Other creditors	293	255
	2,751	3,574

Amounts falling due after one year		
Accruals and deferred income	1,897	2,073

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

(B) PROVISIONS

(i) ANALYSIS OF DEFERRED TAX LIABILITY

	2010	2009
	£'000	£'000
The deferred tax liability comprises:		
Accelerated capital allowances	819	1,841
Other short-term timing differences	(112)	(67)
Tax loss carried forward	(807)	(776)
Deferred tax liability	-	998

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:

	2010	2009
	£'000	£'000
Amounts falling due within one year		
Deferred tax asset	(819)	(843)
Deferred tax liability	819	1,841
	-	998

MOVEMENT IN DEFERRED TAX LIABILITY	£'000
Liability at 31 January 2009	998
Credit for the period	(998)
LIABILITY AT 30 JANUARY 2010	-

30. CREDITORS AND PROVISIONS CONTINUED

(B) PROVISIONS CONTINUED

(ii) OTHER PROVISIONS

	2010	2009
	£'000	£'000
Opening balance	200	300
Utilised in the period	(200)	(300)
Charged in period to the income statement	-	200
At 30 January 2010	-	200

The prior year provisions are for redundancies following the restructuring of central functional services. These were utilised during the course of the current period.

31. SHARE CAPITAL

	2010	2009
	£'000	£'000
(A) AUTHORISED:		
120,000,000 ordinary shares of 5 pence each (2009 – 120,000,000)	6,000	6,000
AUTHORISED AND ALLOTTED SHARE CAPITAL		
Authorised:		
120,000,000 ordinary shares of 5 pence each (2009 – 120,000,000)		
Allotted, called up and fully paid		
Balance at beginning of the period:		
94,530,752 ordinary shares of 5 pence each (2009 – 94,479,751)	4,727	4,724
No ordinary shares of 5 pence each issued during the period pursuant to exercise of share options (2009 – 51,001)	-	3
Balance at end of the period:		
94,530,752 ordinary shares of 5 pence each (2009 – 94,530,752)	4,727	4,727

No share options were exercised during the current year.

The average share price of the ordinary shares at the date of exercise of the above options during 2009 was 46.75 pence.

(B) SHARE BASED PAYMENTS

EQUITY SETTLED SHARE OPTION SCHEME

The only equity settled share option grant made prior to 7 November 2002 lapsed with effect from 19 January 2010

On 1 June 2006, 30 October 2006, 7 November 2007 and 5 November 2008 share options were granted to Directors and senior employees to purchase shares in Moss Bros Group Plc under the Executive Share Option Scheme. During the period to 30 January 2010 no additional grants were made. The share options granted on 1 June 2006 and 30 October 2006 lapsed during the current year. 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 FRS 24.

There was no charge for these schemes in the current year (2009 – £nil)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

31. SHARE CAPITAL CONTINUED

(B) SHARE BASED PAYMENTS CONTINUED

Grant date/employees entitled	Number of share options	Vesting conditions	Contractual life of options
Option grant to one Director on 30 October 2006	686,274 ⁽¹⁾	Two years of service. Earnings per Share must increase by 10% CAGR ⁽³⁾ 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	2,427,632 ⁽²⁾	Three years of service. Earnings per Share must increase by 20% CAGR ⁽³⁾ 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)

⁽¹⁾ The option over 686,274 shares held by M Hitchcock lapsed during the year as the vesting conditions were not met.

⁽²⁾ Share options include the option over 757,895 shares held by M Hitchcock that will lapse with effect from 30 April 2010 following the announcement of his resignation as a director from that date when the vesting conditions will not have been met.

⁽³⁾ CAGR is compound annual growth rate.

	Oct 2006 grant	Nov 2007 grant	Nov 2008 grant
Fair value of share options and assumptions			
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%

RECONCILIATION OF SHARE OPTIONS

	2010		2009	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Options outstanding at the beginning of the period	5,347,082	48.58	8,656,058	57.06
Granted in the period	-	-	244,000	12.25
Exercised in the period	-	-	(172,356)	20.00
Lapsed in the period	(2,675,450)	50.83	(3,380,620)	68.23
Options outstanding at the end of the period	2,671,632	44.28	5,347,082	48.58
Fully exercisable at the end of the period	-	-	915,492	35.50

The weighted average contractual life of options outstanding is 8.1 years (2009 – 8.1 years).

31. SHARE CAPITAL CONTINUED

(B) SHARE BASED PAYMENTS CONTINUED

Executive share option scheme: Options are outstanding in respect of the following ordinary shares at 30 January 2010:

	Number of ordinary Shares	Exercisable option price per share (pence)	Exercisable option dates (calendar year)
	2,427,632	47.50	2010/2017
	244,000	12.25	2011/2018

LONG TERM INCENTIVE PLAN

On 7 November 2009 a new Long Term Incentive Plan (LTIP) was approved and 6,681,160 shares were awarded to Directors and senior employees. In accordance with this plan, the shares are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for the continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period. These grants are subject to FRS 24.

A current year expense of £110,000 has been recognised in relation to share based payments (2009 – £nil).

Grant date/employees entitled	Number of shares under the LTIP	Vesting conditions	Contractual life of shares
Option grant to two Directors and senior employees on 7 November 2009	6,681,160 ⁽¹⁾	See Directors' Report page 21	5 years

⁽¹⁾ Shares include 404,083 shares held by M Hitchcock that will lapse with effect from 30 April 2010 following the announcement of his resignation as a director from that date when the vesting conditions will not have been met.

Fair value of share options and assumptions	Nov 2009 grant
Fair value at grant date (pence per share)	23.85
Share price (pence per share)	25.45
Exercise price (pence per share)	-
Expected volatility (expressed as weighted average volatility used in the modelling under the Black-Scholes model)	21.0%
Option life (years)	2.17
Expected dividend yield	3%
Risk-free interest rate	0.5%

RECONCILIATION OF SHARE AWARDS

	2010		2009	
	Number	Weighted average exercise price ⁽²⁾ (pence)	Number	Weighted average exercise price (pence)
Share awards outstanding at the beginning of the period	-	-	-	-
Granted in the period ⁽¹⁾	6,681,160	-	-	-
Exercised in the period	-	-	-	-
Lapsed in the period	-	-	-	-
Share awards outstanding at the end of the period	6,681,160	-	-	-
Fully exercisable at the end of the period	-	-	-	-

⁽¹⁾ Shares include 404,083 shares held by M Hitchcock that will lapse with effect from 30 April 2010 following the announcement of his resignation as a director from that date when the vesting conditions will not have been met.

⁽²⁾ All shares have £nil exercise price.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous four years. The expected life used in the model has been based on management's best estimate of the Group reaching the performance conditions.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

32. RESERVES

	Share capital £'000	Share premium £'000	Acquisition reserve £'000	Retained earnings £'000	Total £'000
At 31 January 2009	4,727	8,673	4,370	24,465	42,235
Loss after taxation	-	-	-	(5,636)	(5,636)
Credit to equity for equity settled share based payments	-	-	-	110	110
At 30 January 2010	4,727	8,673	4,370	18,939	36,709

33. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
Total equity at beginning of period	42,235	52,128
Loss for the period	(5,636)	(8,675)
Dividends paid	-	(1,228)
Issue of shares	-	10
Credit to equity for equity settled share based payments	110	-
Net movement in equity during the period	(5,526)	(9,893)
Closing Shareholders' funds	36,709	42,235

34. RELATED PARTY TRANSACTIONS

The Company has no related party transactions to disclose as it is exempt under paragraph 3(c) of FRS 8, from disclosing transactions with companies in which it holds 90% or more of the share capital, apart from the following:

KEY MANAGEMENT PERSONNEL*	2010 £'000	2009 £'000
Short-term employee benefits	882	975
Termination payments	111	–
Contributions to defined contribution plans	29	23
	1,022	998

*Employees below Director level who have the authority and responsibility for planning, directing and controlling the Company.

Total remuneration is included in administrative expenses and relates to 13 employees in the period ended 30 January 2010 (2009 – 11). During the period 1,148,872 share awards were granted to key management under the LTIP. The fair value of each was 23.85 pence; see note 31.

TRADING TRANSACTIONS

During the period, the Group entered into the following transactions with related parties who are not members of the Group:

BERWIN & BERWIN LIMITED	52 weeks to 30 January 2010 £'000	53 weeks to 31 January 2009 £'000
Total inventory purchases (excluding VAT)	6,816	7,345
Total inventory purchases since appointment of Simon Berwin as a Director (excluding VAT)	4,715	n/a

Berwin & Berwin Limited; a key supplier, is considered a related party of the Group because a Non-Executive Director (appointed 29 May 2009) of Moss Bros Group Plc, Simon Berwin, is the Chief Executive and a significant shareholder of Berwin & Berwin Limited. While similar transactions were entered into in the prior period, they were not considered related party transactions, as the related party relationship did not exist in that period. At 30 January 2010 the balance owed to Berwin & Berwin Limited was £227,000.

Purchases of goods from related parties were made on an arm's length basis, consistent with the previous terms.

On 13 September 2009 an agreement was made with Berwin Retail Limited, to supply hire to Berwin Retail Limited to be sold through their House of Fraser concessions. Berwin Retail Limited is considered a related party of the Group because Simon Berwin is a Non-Executive Director of Moss Bros Group Plc, and is also the Managing Director and a significant Shareholder of Berwin Retail Limited. The gross transactional value of hire of Moss inventory in Berwin & Berwin outlets since 15 September 2009 was £82,000. The total commission paid Berwin Retail Limited since 15 September 2009 were £45,000.

During the 53 weeks ended 31 January 2009, rents payable to entities in which a major Shareholder had a significant financial interest totalled £127,000, and the balance owed by these parties as at 31 January 2009 totalled £56,000. During the prior year this major Shareholder sold its interest in the Group and therefore there are no comparable transactions in the current year.

During the period ended 30 January 2010, the Company paid Ambleside Consulting the sum of £4,000 (2009 – £41,000) for advice which related to 2009, provided by Brian Brick, a Non-Executive Director at the time. There was no advice relating to the 52 weeks ended 30 January 2010.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninety-seventh Annual General Meeting of Moss Bros Group plc (the "Company") will be held at 8 St. John's Hill, London SW11 1SA on Friday 28 May 2010 at 12 noon for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the Directors' Report and Accounts and the Auditors' Report for the period ended 30 January 2010.
2. To approve the Directors' Remuneration Report for the period ended 30 January 2010.
3. To re-appoint Brian Brick as a Director of the Company, who retires and offers himself for re-appointment.
4. To re-appoint Anthony Bogod as a Director of the Company, who retires and offers himself for re-appointment.
5. To elect Debbie Hewitt as a Director of the Company.
6. To re-appoint Deloitte LLP as the auditors of the Company until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

7. That the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 of the Act) up to a maximum aggregate nominal amount of £1,273,462; and this authority will (unless renewed) expire at the conclusion of the next Annual General Meeting of the Company but the Company may, before this authority expires, make an offer or agreement which would or might require equity securities to be allotted after such authority expires and the Directors may allot equity securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

8. That the Directors be and they are hereby generally empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 7 above as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares of the Company in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £236,326,

and the power hereby granted shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry but otherwise in accordance with the foregoing provisions of this power in which case the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

9. That the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company provided that:
 - (a) the maximum aggregate number of shares hereby authorised to be purchased is 9,453,075 ordinary shares of 5p each;
 - (b) the minimum price which may be paid for each ordinary share shall be 5p;
 - (c) The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
 - (i) 105 per cent 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 day the purchase is made; and
 - (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for:

- (A) the last independent trade of; and
- (B) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out;
- (d) The authority conferred by this resolution shall expire on date 18 months from passing resolution or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

10. That:

- (a) the articles of association of the Company be amended by deleting all of the provisions of the Company's memorandum of association which, by virtue of section 28 of the Act are to be treated as provisions of the Company's articles of association; and
- (b) articles of association of the Company in the form of the draft produced to the meeting and, for the purposes of identification, signed by the Chairman of the Meeting be approved and adopted as the new articles of association of the Company to the exclusion of the existing articles of association.

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

- 11. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

- 12. That the Company may send or supply documents or information to members electronically.

By Order of the Board

J Stephens
Company Secretary
24 March 2010

Registered Office:
8 St. John's Hill
London
SW11 1SA

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

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 9, 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 Friday 28 May 2010 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 PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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(l) 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 24 March 2010 (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 Friday 28 May 2010 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'.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING ("AGM") OF MOSS BROS GROUP PLC (THE "COMPANY")

At the AGM, resolutions will be proposed as explained below.

Resolution 1 – Receiving the accounts

An ordinary resolution will be proposed that the report of the directors and the accounts for the year ended 31 January 2010 together with the report of the auditors on those accounts be received and considered.

Resolution 2 – Receiving the Directors' Remuneration Report

An ordinary resolution will be proposed to approve the Directors' Remuneration Report for the period ended 31 January 2010.

Resolution 3 – Re-election of Brian Brick as a Director of the Company

An ordinary resolution will be proposed to re-elect Brian Brick, who is retiring and, being eligible, offers himself for re-election as a Director of the Company.

Resolution 4 – Re-election of Anthony Bogod as a Director of the Company

An ordinary resolution will be proposed to re-elect Anthony Bogod, who is retiring and, being eligible, offers himself for re-election as a Director of the Company.

Resolution 5 – Election of Debbie Hewitt as a Director of the Company

An ordinary resolution will be proposed to elect Debbie Hewitt, it being the first meeting following her appointment to the Board on 1 July 2009, as a Director of the Company.

Resolution 6 – Re-appointment of auditors

An ordinary resolution will be proposed that Deloitte LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and that their remuneration be fixed by the directors of the Company (the "Directors") from time to time.

Resolution 7 – Authority to allot relevant securities

An ordinary resolution will be proposed giving the Directors authority pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to a maximum aggregate nominal amount of £1,273,462 to such persons at such times and upon such terms and conditions as the Directors may determine (subject always to the articles of association of the Company).

Such authority will, unless renewed, varied or revoked, expire at the conclusion of the next Annual General Meeting of the Company.

Resolution 8 – Authority to disapply pre-emption rights

A special resolution will be proposed to empower the Directors to allot equity securities pursuant to the authority conferred by resolution 7 as if the pre-emption rights set out in section 561(1) of the Act did not apply, in respect of the following matters:

- (a) the allotment of equity securities in connection with an offer of such securities by way of a rights issue or other issues pro rata to existing entitlements to holders of relevant equity securities in proportion (as nearly as may be) to the respective amounts of equity securities held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with equity securities which represent fractional entitlements or legal or practical difficulties under the laws of any territory or the requirements of any regulatory body, stock exchange or other authority in any jurisdiction; and
- (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to a maximum aggregate nominal amount of £236,326.

Such authority will, unless renewed, varied or revoked, expire at the conclusion of the next Annual General Meeting of the Company.

The authority contained in resolution 8 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 24 March 2010, in accordance with investor guidelines. The renewed authority will remain in force until the date of the next Annual General Meeting. This is a standard resolution for most UK listed companies each year.

Resolution 9 – Authority to make market purchases

A special resolution will be proposed to authorise the Directors to make one or more market purchases for the purposes of section 701 of the Act. 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 24 March 2010. This authority will expire at the conclusion of the Annual General Meeting in 2011 or on the date 18 months from the passing of the resolution, 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 between a minimum price of 5 pence per ordinary share and a maximum price equal to the higher of (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 Main Market of the London Stock Exchange. If the Directors use their full authority to make market purchases, the Company's shares under option (currently 9,352,792 representing approximately 9.89% of the issued share capital of the Company) will represent an increased percentage of the issued share capital being approximately 10.99 % of the issued share capital of the Company.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING (“AGM”) OF MOSS BROS GROUP PLC (THE “COMPANY”) CONTINUED

Resolution 10 – Adoption of new Articles of Association

A special resolution will be proposed to adopt changes to the Company’s existing articles of association (the “Existing Articles”) to take advantage and account of the Act relating, inter alia, to the deletion of the Company’s existing Memorandum of Association, the removal of the concept of authorised share capital, requirements as to notice of meetings and voting by and appointment of proxies.

Copies of the Existing Articles showing the proposed changes (the “New Articles”) will be available for inspection during normal business hours at the registered office of the Company until the date of the AGM or upon request of the Company Secretary. Copies will also be available at the AGM until its conclusion.

The material differences between the Existing Articles and the New Articles are summarised below. Changes of a minor, conforming or purely technical nature have not been mentioned specifically.

DELETION OF THE COMPANY’S MEMORANDUM OF ASSOCIATION

The provisions regulating the operations of the Company are currently set out in the Company’s memorandum of association. The Company’s memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake.

The Act significantly reduces the constitutional significance of the Company’s memorandum and most of its elements, including the objects clause, are deemed to be imported into the Company’s Articles of Association. Furthermore, the Act states that unless the Articles of Association provide otherwise, a Company’s objects are unrestricted. This removes the need for companies to have objects clauses. For this reason, the resolution proposed removes the objects clause together with all other provisions of its memorandum which, by virtue of the Act, are treated as forming part of the Company’s Articles of Association as of 1 October 2009.

AUTHORISED SHARE CAPITAL

The Act removes the requirement for the Company to have an authorised share capital; the New Articles therefore make no reference to authorised share capital. The Directors will still be limited as to the number of shares they can at any time allot because authority to allot shares continues to be required under the Act, save in respect of employee share schemes.

VOTING BY AND APPOINTMENT OF PROXIES

The Act provides that each proxy appointed by a member has one vote on a show of hands, unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one of more members to vote for a resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Existing Articles that only permitted members personally present at the meeting to have a vote on a show of hands and thereby effectively precluded proxies from voting on a show of hands.

REMOVAL OF CHAIRMAN’S CASTING VOTE AT SHAREHOLDER MEETINGS

The Act prohibits the Chairman from having a casting vote in the event of deadlock at an Annual General Meeting or general meeting and so this provision of the Existing Articles has been removed.

NOTICE OF REFUSAL TO REGISTER TRANSFER OF SHARES

Where the Directors refuse to register a transfer of shares, the New Articles oblige them to send the transferee notice of their refusal as soon as practicable and, in any event, within two months after the date on which the instrument of transfer was lodged with the Company and state the reasons for the refusal, as required by the Act.

Resolution 11 – Notice of meetings

The Act states that a general meeting of the Company, other than the Annual General Meeting, may be called on not less than 14 clear days’ notice provided that a facility to vote electronically accessible to all shareholders is provided and a specific resolution is passed authorising this. Resolution 11 provides for such authorisation.

Resolution 12 – Electronic communications

Resolution 12 which is proposed as a special resolution proposes that the Company be permitted to communicate with shareholders electronically.

MOSS BROS GROUP PLC

FORM OF PROXY FOR USE BY SHAREHOLDERS AT THE NINETY-SEVENTH ANNUAL GENERAL MEETING OF MOSS BROS GROUP PLC (THE 'COMPANY') TO BE HELD AT 12 NOON ON FRIDAY 28 MAY 2010 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 12 noon on 28 May 2010 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 30 January 2010.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Directors' Remuneration Report for the period ended 30 January 2010.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect B Brick a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect A Bogod a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To elect D Hewitt a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Deloitte LLP as auditor and authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS				
7. To renew the Directors' general authority to allot equity securities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve the disapplication of statutory pre-emption rights.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To renew the Directors' authority to make market purchases of the Company's shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To adopt amended Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. 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"/>
12. To authorise the Group to send documents to Shareholders using electronic means.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature _____

Dated this _____ day of _____ 2010

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, or failing him the Senior Non-Executive Director, 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, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU during usual business hours accompanied by any Power of attorney under which it is executed (if applicable) no later than 12 noon on Wednesday 26 May 2010.
- 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 '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 RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.**



Please trim along dotted line,
fold and insert into the
supplied reply paid envelope.



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