For Immediate Release **24 September 2019**

MOSS BROS.

GROUP PLC

Half Year Results for the 26 weeks ended 27 July 2019

Stores Return to Like-for-Like Growth

Moss Bros Group PLC ("the Group"), the 'first choice for men's tailoring', today announces its half yearly results, covering the period from 27 January 2019 to 27 July 2019.

Financial Headlines

- Total Group revenue, excluding VAT, of £65.4m, 1.4% up on the previous year.
- Like-for-like* retail sales up 2.9%. Store like-for-like sales up 0.6%.
- Online sales across all platforms grew 20% vs HY1 last year. Online sales from all channels now represents 15.0% of total sales (HY1 2018 12.7%).
- Like for like* hire sales, which represent only 10.7% of total sales in the half (HY1 2018 12.3%) on a cash taken basis were 14.7% lower.
- Retail gross margin at 55.8% was -0.7% lower for the half year versus HY1 2018, impacted by channel mix.
- EBITDA*** for the first half was £11.4m after IFRS 16 impact and £3.1m before IFRS 16 impact (HY1 2018 £3.7m) as detailed in note 9.
- Adjusted profit before adoption of IFRS 16 and before tax was just above breakeven, -£0.2m lower than the same period in the prior year (HY1 2018 £0.2m).
- Loss before tax of £2.7m (HY1 2018 loss £1.7m) after IFRS 16 impact of -£1.1m and after adjusting items of -£1.6m as detailed in note 6.
- The Group has adopted the new IFRS 16 accounting standard effective 27 January 2019 the full effect of which, including the negative £1.1m impact on first half profitability noted above, is detailed in note 2.4 (a).
- Careful cash management delivered a positive cash balance of £18.2m at the end of the half (HY1 2018 £15.2m), reflecting the strong cash flow generation of the business.
- Given the ongoing volatile trading environment, the Board is not recommending an interim dividend payment, continuing to give the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet (2018/19 interim dividend 1.5 pence). Dividend Policy will be reviewed throughout the year, considering the overall yield, balanced against the wider investment needs of the business.

Operational Commentary

- Ongoing investment in product, new customer acquisition and in-store experience has delivered positive results across our retail offering in a market which continues to be extremely challenging.
- Positive retail like-for-like performance from our physical store estate is encouraging and has been delivered in spite of continued declining footfall. The Group remains active with landlords to ensure we align store occupancy costs with the lower footfall.
- E-Commerce performance and product distribution via third party marketplaces continues to grow, increasing in importance within our sales mix and broadening the exposure of Moss branded products.
- The 'Tailor Me' custom tailoring service continued to grow strongly, with order numbers taken during the first half up +48% vs the first half last year.
- 1 store was relocated during the half and 2 marginal stores were closed. 127 stores were trading at 27 July 2019 (28 July 2018: 130 stores).

Current trading

- We are seeing results across the first eight weeks consistent with our full price focus and with less old season stock to clear in HY2.
- We expect to be able to deliver full year results in line with market expectations.
- Strong positive reaction to new season product and new technical developments; eco suit, stretch, washable suit.
- Clear and comprehensive strategy in place – transforming the way we operate and investing in key strategic levers to drive long-term performance.

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

"Reflecting on our first half performance, it feels that we are gaining traction in a number of areas. The return to growth of our stores is extremely important to us and we will continue to focus on maintaining this trend. The growth which we have seen in stores is set against a backdrop of lower footfall in our stores than last year in most locations in which we operate. Our conversations with our landlords are active and ongoing to ensure that we can align our store occupancy costs with the lower footfall which we experience, whilst continuing to offer store-centric services such as Tailor Me, our custom made suiting proposition, which continues to go from strength to strength.

Our online sales continue to grow strongly as a result of increased investment in new customer acquisition to our own website www.moss.co.uk and we are also seeing positive momentum of product sold via the Next online marketplace as we expand the product options stocked via that site. Growth of online revenues remains central to our future success and has now reached 15% of our total sales.

As in previous periods, where our stores have underperformed against our expectations, we have decided to impair the carrying value of the related fixed assets, including the right-of-use assets created by the adoption of the new IFRS 16 accounting standard. We believe it is right to continue to be prudent in our assumptions, given the current trading environment, although we continue to always have a detailed action plan in place to improve performance in these stores.

We are acutely aware of the challenges which we face in our Hire business. We plan to invest in a focused way in updated product to ensure that we remain relevant in terms of product offer. We are also actively investigating what newer and fresher hire or rental services can be offered to address changing customer requirements as soon as Spring next year, whilst ensuring that we maintain our market leading position for customers not simply wishing to purchase their formalwear outright.

We have been working hard across the first half to ensure that we have a clear and comprehensive strategy with clarity, unity and focus in place across the business. We are transforming the way in which we operate to better address the needs of our core mainstream aspirational customer group, by styling individuals for 'on form' moments. We have identified and are investing in key strategic levers to drive long-term performance including: an evolution of Moss Bros brand; improving in our buying and merchandising; focusing further on www.moss.co.uk, Marketplaces and Tailor Me; improving store profitability; and managing our Hire business. Given the challenging retail marketplace in which we operate, this will take time and investment to deliver, but with our combined efforts, I am confident that we can return the business to profitable growth across the longer term.

We remain EBITDA** positive and debt free. The board's decision not to recommend payment of an interim dividend has been made in order to continue to offer the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet."

*Like-for-like sales (including VAT) represents financial information for e-commerce and stores open during both the current and prior financial periods and compares 26 weeks against 26 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held. See note 4 for a reconciliation of like-for-like sales (including VAT) to revenue as stated in the financial statements

**EBITDA is earnings before interest, tax, depreciation, amortisation after adjusting items. See note 9 for a reconciliation of adjusted profit on ordinary activities before tax to EBITDA

For further information please contact:

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INTERIM MANAGEMENT REPORT
FOR THE 26 WEEKS TO 27 JULY 2019

OVERVIEW

Moss Bros Group PLC (the "Group") retails and hires formalwear and fashion products for men, predominantly in the UK, with retail sales comprising 89%, and Hire 11%, of total sales during the period. The Group retails own brand and third-party brand menswear through the Moss Bros fascia and hires formalwear under the Moss Bros Hire brand through its mainstream stores. The Group also trades through the premium Savoy Taylors Guild fascia in a small number of stores.

Sub brands of Moss London and Moss 1851 continue to deliver positive results and when combined with our premium Italian cloth ranges and our guest brands we have created an attractive customer offer across a range of fits and price points, underpinning our expertise in formalwear, under the Moss Bros master brand.

The readily accessible 'Tailor Me' customisation service is growing rapidly as we make the service 'mainstream' for our customers. It is a simplified set of bespoke options offering a custom-made suit, ready for collection within 21 days of placing an order, in many cases alongside the same fabric set available to buy or to hire.

REVIEW OF THE FIRST HALF

Adjusted profit before tax from continuing operations for the six months to 27 July 2019 and excluding the impact of the transition to IFRS 16 was just above breakeven (HY1 2018: profit £0.2m), resulting from reductions in achieved gross profit rate due to a combination of an increase in lower margin e-commerce and marketplace sales and a reduction in higher gross profit Hire sales.

Following the application of IFRS 16, the reported adjusted loss before tax from continuing operations for the six months to 27 July 2019 was £1.1m (HY1 2018 profit £0.2m). Reported loss before tax after adjusting items was £2.7m (HY1 2018: £1.7m loss).

Our store teams remain focused on ensuring that our customers are styled to feel 'on form' for each and every important moment in their lives, whether they choose to buy, hire or 'Tailor Me'. The Tailor Me service continues to grow in importance, with order numbers growing 48% over the first half of 2018 and the value of sales on a cash taken basis now accounting for over 6% of retail sales.

Having previously invested in footfall counting technology, all stores now have real time visibility of the key performance indicators enabling them to maximise performance of the store team and of course to better serve customers, which results in improved store profitability.

Our e-commerce channel performed strongly, underpinned by strong new customer recruitment, improving re-purchase levels, and ongoing development of our customer relationship management and reactivation techniques. Online sales via Next have grown to a level where we have confidence to extend the range offered via that channel for Autumn/Winter 2019. 15% of our turnover now comes online, mainly through our own website, but also via the Next online marketplace. We also continue to develop product for sale on a wholesale basis to ASoS.

Trading performance

Total revenue grew by 1.4% in the six months to 27 July 2019 to £65.4m (HY1 2018: £64.5m). Like for like* retail sales including e-commerce sales grew by 2.9%. Moss Bros Hire recorded a like for like* sales decrease of -14.7%. Across the Group, total like for like* sales grew 0.4% in the first half.

Retail gross margin rate was down -0.7% for the half, resulting from a combination of increases in the mix of lower margin e-commerce and third-party/platform sales versus own stores. Hire margin rates were down -1.3% as a result of the reduced volume of Hire orders taken during the half combined with the fixed depreciation charge. Overall gross margin rate was 1.0% lower at 57.5% (HY1 2018: 58.5%).

We relocated 1 store during the half in Coventry and closed two marginal stores in Bridgewater Park and Bexleyheath. Moss Bros currently trades from 127 stores (HY1 2018: 130). We will continue to invest in the store portfolio where locations are found to meet our investment criteria, with the majority of investment being targeted into less costly 'visual upgrades'. No stores were refitted during the half 27 July 2019 (HY1 2018: 3). 111 new and refitted stores now trade in the new format.

Within Hire, lounge suiting for the first time proved to be the most challenged part of our offer. Both morningwear, which was underpinned by a strong Ascot and black tie product performed better than loungewear.

Our online performance continues to grow as a result of ongoing investment in technology along with greater investment in customer acquisition and an improved focus on targeted communication with our customers. We continue to benefit from our presence on other online marketplaces, delivering a combined increase in online sales across all platforms of 20% on the previous year. Site visitor numbers continue to improve especially mobile device traffic which now contributes 44% of online sales. Overall online sales now comprise 15.0% of total Group revenue (HY1 2018: 12.7%).

We have taken a prudent view on expenditure during the first half as a result of both the ongoing cost headwinds which we face and the impact of the challenging retail environment. As a result, costs remain tightly controlled with expenditure remaining focused on areas which support our longer-term goals. Where we have delivered occupancy cost savings through landlord negotiations, these have been reinvested in digital customer acquisition channels and in store payroll hours.

*Like-for-like (including VAT) represents financial information for e-commerce and stores open during both the current and prior financial periods and compares 26 weeks against 26 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held. See note 4 for a reconciliation of like-for-like sales (including VAT) to revenue as stated in the financial statements.

FINANCIAL SUMMARY

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

Key financials
CONTINUING OPERATIONS

	26 weeks to 27 July 2019	26 weeks to 28 July 2018	52 weeks to 26 January 2019
	£'000	£'000	£'000
Revenue			
Retail	**58,364**	56,514	114,186
Hire	**7,007**	7,936	14,801
Total revenue	**65,371**	64,450	128,987
Gross profit			
Retail	**32,568**	31,936	62,886
Hire	**4,996**	5,764	11,333
Total gross profit	**37,564**	37,700	74,219
Gross margin %			
Retail	***55.8%***	*56.5%*	*55.1%*
Hire	***71.3%***	*72.6%*	*76.6%*
Total	***57.5%***	*58.5%*	*59.7%*
Administrative expenses (***)	**(2,995)**	(3,233)	(6,109)
Shops' selling and marketing costs (***)	**-**	-	-
Shops' selling and marketing costs classified as exceptional	**-**	-	-
Shops' selling and marketing costs total	**(34,228)**	(34,330)	(68,611)
Operating profit	**341**	137	(501)
Other gains and losses	**51**	61	14
Investment revenues	**37**	37	76
Interest expense	**(1,484)**	-	(4)
Adjusted profit before tax	**(1,055)**	235	(415)
Adjusting items	**(1,596)**	(1,978)	(3,799)
(Loss)/Profit before taxation and after adjusting items	**(2,651)**	(1,743)	(4,214)
EBITDA (**)	**11,360**	3,664	6,575

** EBITDA is earnings before interest, tax, depreciation, amortisation after adjusting items. See note 9 for a reconciliation of adjusted profit on ordinary activities before tax to EBITDA

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

DIVIDEND AND DIVIDEND POLICY

The Board has decided not to recommend payment of an interim dividend in order to offer the business maximum flexibility for investment, whilst retaining a strong debt free balance sheet (HY1 2018: 1.5 pence per share). The Board will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business.

FINANCIAL POSITION

Net assets as at 27 July 2019 was £26.4m after the impact from IFRS 16 (28 July 2018: £32.8m).

The close management of cash remains a focus. The cash position at 27 July 2019 was £18.2m (28 July 2018: £15.2m). Net cash inflow for the six months ended 27 July 2019 was £7.4m. The Group continues to meet its day-to-day working capital requirements through surplus cash balances.

Total net inventory as at 27 July 2019 was £16.1m (28 July 2018: £16.5m).

IFRS 16

IFRS 16 'Leases' came into effect for accounting periods commencing on or after 1 January 2019 and this is the first set of financial statements that incorporates the adoption of the new standard.

The main impact of the standard is to capitalise the Group's rental leases as "right-of-use assets" within non-current assets on the Consolidated Balance Sheet with corresponding lease liabilities representing the commitment to fulfil those lease obligations. The right-of-use assets are then depreciated over the life of the lease and a notional interest charge is recorded on the liability.

The standard allows for different transition options and the Group has adopted the modified retrospective approach. On adoption the Group recognised right-of-use assets of £70.5m and lease liabilities of £73.9m.

For the six-month period to 27 July 2019 reported EBITDA has increased by £8.2m as a result of rental costs no longer being charged to administrative expenses and shops' selling and marketing costs. Additional depreciation and interest costs of £7.8m and £1.5m respectively were recorded, giving an overall reduction in profit before tax of £1.1m.

Further details on the impact of IFRS 16 are given in note 2.4(a) accompanying the interim financial statements.

RELATED PARTY TRANSACTIONS

The Group had no material related party transactions other than on an arm's length basis that would reasonably be expected to influence decisions made by other users of the condensed set of financial statements. Details of all related party transactions are disclosed in the note 11.

RISKS AND UNCERTAINTIES

Details of all potential risks and uncertainties are disclosed in the note 3.

CAUTIONARY STATEMENT

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

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

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

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

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

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

By Order of the Board,

Brian Brick
Chief Executive Officer

Tony Bennett
Finance Director and Company Secretary

MOSS BROS GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 26 WEEKS TO 27 JULY 2019

	26 weeks to 27 July 2019			26 weeks to 28 July 2018	52 weeks to 26 January 2019
	Adjusted[1]	**Adjusting items[2]**	**Total**	Total	Total
	£'000 (Unaudited)	**£'000 (Unaudited)**	**£'000 (Unaudited)**	£'000 (Unaudited)	£'000 (Audited)
CONTINUING OPERATIONS					
Revenue	**65,371**	**-**	**65,371**	64,450	128,987
Cost of sales	**(27,807)**	**-**	**(27,807)**	(26,750)	(54,768)
Gross profit	**37,564**	**-**	**37,564**	37,700	74,219
Administrative expenses	**(2,995)**	**-**	**(2,995)**	(3,351)	(6,227)
Shops' selling and marketing costs	**(34,228)**	**(1,596)**	**(35,824)**	(36,190)	(72,292)
Operating profit/(loss)	**341**	**(1,596)**	**(1,255)**	(1,841)	(4,300)
Other gains and losses	**51**	**-**	**51**	61	14
Investment revenues	**37**	**-**	**37**	37	76
Interest expense	**(1,484)**	**-**	**(1,484)**	-	(4)
(Loss) on ordinary activities before taxation	**(1,055)**	**(1,596)**	**(2,651)**	(1,743)	(4,214)
Taxation (charge)/credit	**(28)**	**197**	**169**	(354)	368
(Loss)/profit from continuing operations after taxation	**(1,083)**	**(1,399)**	**(2,482)**	2,097	(3,846)
(Loss) after taxation attributable to equity holders of the parent	**(1,083)**	**(1,399)**	**(2,482)**	(2,097)	(3,846)
Other comprehensive income					
Gain/(Loss) on derivative designated in cash flow hedge relationships	**(4)**	**-**	**(4)**	3,028	1,828
Amounts transferred to inventory as basis adjustment	**98**	**-**	**98**	(521)	(84)
Deferred tax on cash flow hedge relationships	**(3)**	**-**	**(3)**	**-**	(80)
Total other comprehensive income	**91**	**-**	**91**	2,507	1,664
Total comprehensive income	**(992)**	**(1,399)**	**(2,391)**	410	(2,182)
Earnings per share					
Basic	**(1.08p)**	**(1.39p)**	**(2.47p)**	(2.09p)	(3.83p)
Diluted****	**-**	**-**	**-**	-	-

****Diluted EPS has not been disclosed due to the Group being loss making which has a non-dilutive effect on the shares

[1]Adjusted represents results before adjusting items as defined in note 2.3 of the Interim Financial Statements

[2]Refer to note 6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS TO 27 JULY 2019

26 Weeks ended 27 July 2019 (Unaudited)	**Share capital**	**Share premium account**	**Share based payments**	**Employee benefit trust**	**Hedging reserve**	**Retained earnings**	**Total equity**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 27 January 2019	5,040	8,673	297	(318)	229	14,860	28,781
Loss for the period	-	-	-	-	-	(2,482)	(2,482)
Other comprehensive income:							
Cash flow hedging movement	-	-	-	-	(4)	-	(4)
Amounts transferred to inventory as basis adjustment	-	-	-	-	98	-	98
Deferred tax on cash flow hedging relationships	-	-	-	-	(3)	-	(3)
Total comprehensive income	-	-	-	-	91	(2,482)	(2,391)
Dividends paid	-	-	-	-	-	-	-
Credit to equity for equity settled share-based payments	-	-	54	-	-	-	54
Movement on deferred tax on share-based payments	-	-	-	-	-	-	-
Balance at 27 July 2019	**5,040**	**8,673**	**351**	**(318)**	**320**	**12,378**	**26,444**

26 Weeks ended 28 July 2018 (Unaudited)	**Share capital**	**Share premium account**	**Share based payments**	**Employee benefit trust**	**Hedging reserve**	**Retained earnings**	**Total equity**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 28 January 2018	5,040	8,673	177	(318)	(1,435)	22,194	34,331
Loss for the period	-	-	-	-	-	(2,097)	(2,097)
Other comprehensive income:							
Cash flow hedging movement	-	-	-	-	2,507	-	2,507
Amounts transferred to inventory as basis adjustment	-	-	-	-	-	-	-
Deferred tax on cash flow hedging relationships	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,507	(2,097)	410
Dividends paid	-	-	-	-	-	(1,980)	(1,980)
Credit to equity for equity settled share-based payments	-	-	47	-	-	-	47
Movement on deferred tax on share-based payments	-	-	41	-	-	-	41
Balance at 28 July 2018	**5,040**	**8,673**	**265**	**(318)**	**1,072**	**18,117**	**32,849**

52 Weeks ended 26 January 2019 (Audited)	Share capital	Share premium account	Share based payments	Employee benefit trust	Hedging reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 27 January 2018	5,040	8,673	177	(318)	(1,435)	22,194	34,331
Loss for the period	-	-	-	-	-	(3,846)	(3,846)
Other comprehensive income:							
Cash flow hedging movement	-	-	-	-	1,828	-	1,828
Amounts transferred to inventory as basis adjustment	-	-	-	-	(84)	-	(84)
Deferred tax on cash flow hedge relationships	-	-	-	-	(80)	-	(80)
Total comprehensive income	-	-	-	-	1,664	(3,846)	(2,182)
Dividends paid	-	-	-	-	-	(3,488)	(3,488)
Credit to equity for equity settled share-based payments	-	-	122	-	-	-	122
Movement on deferred tax on equity settled share-based payments	-	-	(2)	-	-	-	(2)
Balance at 26 January 2019	**5,040**	**8,673**	**297**	**(318)**	**229**	**14,860**	**28,781**

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 27 JULY 2019

	27 July 2019	28 July 2018	26 January 2019
	£'000 (Unaudited)	£'000 (Unaudited)	£'000 (Audited)
Assets			
Intangible assets	**2,777**	2,355	2,701
Property, plant and equipment	**13,549**	18,837	15,620
Right-of-use assets	**64,266**	-	-
Leasehold improvements	**1,340**	1,349	1,288
Deferred tax assets	**1,950**	1,547	1,798
Total non-current assets	**83,882**	24,088	21,407
Inventories	**16,079**	16,461	17,267
Trade and other receivables	**2,072**	4,878	4,587
Contract assets	**263**	197	263
Current tax assets	**99**	-	81
Cash and cash equivalents	**18,223**	15,167	10,854
Derivative financial instruments	**438**	1,089	417
Total current assets	**37,174**	37,792	33,469
Total assets	**121,056**	61,880	54,876
Liabilities			
Trade and other payables	**16,407**	18,601	17,106
Current Lease liability	**14,485**	-	-
Contract Liabilities	**2,980**	3,070	2,230
Provisions	**1,598**	1,140	1,044
Current tax liability	**-**	570	-
Total current liabilities	**35,470**	23,381	20,380
Non-current lease liability	**54,449**	-	-
Other payables	**3,493**	3,871	3,493
Provisions	**95**	757	1,120
Deferred tax liabilities	**1,105**	1,022	1,102
Total non-current liabilities	**59,142**	5,650	5,715
Total liabilities	**94,612**	29,031	26,095
Net assets	**26,444**	32,849	28,781
Equity			
Issued capital	**5,040**	5,040	5,040
Share premium account	**8,673**	8,673	8,673
Share-based payments	**351**	265	297
Employee benefit trust	**(318)**	(318)	(318)
Hedging reserve	**320**	1,072	229
Retained earnings	**12,378**	18,117	14,860
Equity attributable to equity holders of parent	**26,444**	32,849	28,781

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 26 WEEKS TO 27 JULY 2019

	26 weeks to 27 July 2019	26 weeks to 28 July 2018	52 weeks to 26 January 2019
	£'000 (Unaudited)	£'000 (Unaudited)	£'000 (Audited)
Operating activities			
(Loss)/profit after taxation	**(2,482)**	(2,097)	(3,846)
Adjustments for:			
Taxation charge	**(169)**	354	(368)
Other gains and losses	**(51)**	(3)	(14)
Investment revenues	**(37)**	(37)	(76)
Interest expense	**1,484**	-	4
Amortisation of intangible assets	**496**	482	1,045
Impairment of tangible fixed assets and right-of-use assets	**1,064**	1,227	2,171
Depreciation of property, plant and equipment	**2,651**	2,984	6,017
Depreciation of right-of-use assets	**7,818**	-	-
Loss on disposal of property, plant and equipment	**2**	28	195
(Increase)/decrease in inventories	**1,286**	(871)	(1,957)
Decrease/(Increase) in receivables	**396**	(284)	(61)
Increase in payables	**4,640**	3,188	670
Increase/(Decrease) in provisions	**554**	(216)	51
Share-based payments expense	**54**	53	122
Taxation paid	**-**	(780)	(1,003)
Net cash from operating activities	**17,706**	4,028	2,950
Investing activities			
Interest received	**37**	37	76
Interest paid	**-**	-	(4)
Purchase of intangible assets	**(571)**	(660)	(1,570)
Purchase of property, plant and equipment	**(762)**	(3,737)	(4,609)
Proceeds from the disposal of property, plant and equipment	**-**	2	22
Net cash used in investing activities	**(1,296)**	(4,358)	(6,085)
Financing activities			
Dividends paid	**-**	(1,980)	(3,488)
Cash outflow for leases	**(9,041)**	-	-
Net cash used in financing activities	**(9,041)**	(1,980)	(3,488)
Net (decrease)/increase in cash and cash equivalents	**7,369**	(2,310)	(6,623)
Cash and cash equivalents at beginning of period	**10,854**	17,477	17,477
Cash and cash equivalents at end of period	**18,223**	15,167	10,854

NOTES TO THE CONDENSED SET OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 26 WEEKS TO 27 JULY 2019

1. GENERAL INFORMATION

The results for the 26 weeks ended 27 July 2019 and 28 July 2018 are neither audited nor reviewed by the Group's auditor. The information for the 52 weeks ended 26 January 2019 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

2.2 GOING CONCERN

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

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

2.3 ADJUSTING ITEMS

Adjusting items are those significant credits or charges which, in the opinion of the Directors, should be separately disclosed by virtue of their size and nature, to enable a full understanding of the Group's financial performance. Therefore, such items are disclosed as adjusting on the face of the statement of comprehensive income. Please see note 6 for details of adjusting items recognised in the half year ended 27 July 2019.

2.4 CHANGES IN ACCOUNTING POLICY

The same accounting policies, presentation and methods of computation are followed in this half-yearly report as applied in the Group's latest annual audited financial statements for the 52 weeks ended 26 January 2019, with the exception of IFRS 16 which has been effective for the Group from 27 January 2019.

2.4 (a) IFRS 16 'LEASES'

IFRS 16 'Leases' (as issued by the IASB in January 2016) came into effect for accounting periods commencing on or after 1 January 2019, and the Group, for the first time, adopted the standard using the modified retrospective approach. In doing so, the Group initially applied the standard at the date of initial application (the beginning of the current reporting period) of 27 January 2019.

IFRS 16 introduces new or amended requirements for the definition of a lease, lessee accounting and lessor accounting (in particular, increased disclosure requirements). Details of these new requirements as well as their impact on the Group's consolidated financial statements are described in the "Adoption of IFRS 16 'Leases' section below.

The change in accounting policy is effective for the period commencing 27 January 2019 and accounting periods hereafter.

RIGHT-OF-USE ASSETS

On commencement of a contract (or part of a contract) that gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability except for low value leases and those with a term of less than 12 months.

A right-of-use asset is recognised at commencement of the lease and is initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease, any lease payments made at or before the leased asset is available for use by the Group less any lease incentives received, plus any estimate of costs to be incurred in respect of dismantling or restoring the underlying asset to its original condition.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated straight line over the shorter of the period of the lease term or the remaining useful life of the underlying asset. Termination, extension and purchase options are considered in determining the appropriate remaining lease term. The right-of-use asset is depreciated from the date it is 'available for use' even if the entity does not use it until a later date.

Impairment losses are determined and accounted for in accordance with IAS 36 'Impairment of Assets'

An estimate of costs to be incurred in restoring the right-of-use asset to the condition required under the terms and conditions of the lease is recognised as part of the cost of the right-of-use asset when the Group incurs the obligation for these costs. The provision is measured at the best estimate of the expenditure required to settle the obligation.

INITIAL MEASUREMENT OF LEASE LIABILITIES

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.

Lease payments include fixed payments less any lease incentives receivable, variable lease payments that are dependent on an index or a rate (such as those linked to LIBOR) and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the right-of-use asset is available for use.

SUBSEQUENT MEASUREMENT OF LEASE LIABILITIES

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in profit or loss, and variable lease payments not included in the measurement of the lease liability are also recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Determining the discount rate

When the interest rate implicit in the lease is not readily determinable, the Group estimates the incremental borrowing rate based on a risk-free rate adjusted for the effect of the Group's theoretical credit risk. As the Group has no external borrowings, judgement is required to compute an appropriate discount rate which was calculated based on UK Government Gilt rates of an appropriate duration and adjusted by an indicative credit premium that reflects the credit risk of the Group. This has resulted in weighted average incremental borrowing rate of 3.92% applied to portfolios of leases when these have shared similar characteristics including location, duration and nature of the leases.

ADOPTION OF IFRS 16 'LEASES'

The Group has applied IFRS 16 'Leases' using the modified retrospective approach, and therefore comparative information has not been restated and continues to be reported under IAS 17 'Leases'. The Group has applied this approach subject to the transition provisions set out below:

- A single discount rate has been applied to portfolios of leases with similar characteristics;
- The right-of-use assets have not been assessed for impairment at 27 January 2019 but have been reduced by the amount of any onerous lease provisions at that date;
- Initial direct costs have been excluded from the measurement of the right-of-use assets;
- Hindsight has been applied in determining the lease term for contracts that contain lease extension or termination options;
- Right-of-use assets and lease liabilities for short term leases that have a lease term of less than 12 months or a lease term ending within twelve months of the date of initial application have not be recognised.

As at the date of initial application, for all contracts, the Group assessed whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group did not apply the practical expedient to reassess whether a contract is or contains a lease at the date of initial application as permitted by IFRS 16 paragraph C3. The Group identified 130 open contracts at the date of initial application that are or contain a lease.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using applicable discount rates as of 27 January 2019.

In determining the lease liability, management considered any lease extension option or break clauses that the Group is reasonably certain to exercise or not to exercise. In doing so, the Group considered all relevant factors that create an economic incentive to do so. At the date of initial application, the Group was of the view that break clauses for 2 leases would be exercised.

The impact on the half year ended 27 July 2019 is summarised below:

Capitalisation of lease liabilities and right-of-use assets

The Group has recognised lease liabilities at the date of initial application of £73.9m of which £13.8m was presented as a current liability and £60.1m was presented as a non-current liability.

As part of the same adjustment, £70.5m of right-of-use assets were recognised. £69.3m of these assets relate to leasehold properties and storage units, £0.1m related to motor-vehicles and £1.1m related to third party hosting arrangements. Right-of-use property assets were decreased for onerous lease provisions by £1.0m.

As a direct impact of the leases being capitalised, the rent expense for the 26 week period to 27 July 2019 reduced by £8.2m when compared to the policy under IAS 17.

Depreciation of right-of-use assets

From the date of initial application to 27 July 2019, £7.8m of depreciation has been recorded in respect of right-of-use assets, of which £7.6m related to leasehold properties and storage units, and £0.2 relate to third party hosting arrangements.

Finance costs and repayment of lease liabilities

From the date of initial application to 27 July 2019, notional interest of £1.5m has been recorded on lease liabilities. In the half year ended 27 July 2019, lease payments totalling £9.0m were paid.

The impact on the Consolidated Balance Sheet on adoption of IFRS16 is summarised below:

	27 January 2019 (IAS 17 Previous policy)	IFRS 16 adjustments at adoption on 27 Jan 2019	27 January 2019 (IFRS 16)
	£'000	£'000	£'000
Right-of-use assets	-	70,456	70,456
Prepayments	3,539	(2,119)	1,420
Accruals	(6,646)	4,566	(2,080)
Provisions	(2,163)	1,025	(1,138)
Current lease liability	-	(13,775)	(13,775)
Non-current lease liability	-	(60,153)	(60,153)
Net Assets	28,781	-	28,781
Total Equity	28,781	-	28,781

At 27 July 2019 the Consolidated Balance Sheet included the following IFRS 16 amounts: a net book value of the IFRS 16 right-of-use asset of £65.2m, lease liabilities of £68.9m.

The Group's operating lease commitments of £84.1m at 27 January 2019 discounted at the appropriate incremental rates of borrowing equate to £73.9m compared to the lease liability of £85.9m recognised at 27 January 2019 under IAS 17. The difference is reconciled below:

	£'000
Total operating lease commitments disclosed at 27 January 2019 under IAS 17	85,932
Recognition exemptions at 1 January 2019:	
Leases with remaining lease term of less than 12 months	(1,078)
Extension and termination options reasonably certain to be exercised	(1,967)
Arrangements meeting the definition of a lease under IFRS 16 but not under IAS 17	1,203
Operating lease liabilities before discounting	84,090
Discounted using incremental borrowing rate	(10,163)
Total lease liabilities recognised under IFRS 16 at 27 January 2019	73,928

The impact on the Consolidated Statement of Comprehensive Income is summarised below:

	Before adjusting items	After adjusting items
	£'000	£'000
PBT under IAS 17 policy	24	(1,573)
Removal of rent expense	8,223	8,223
IFRS 16 Depreciation	(7,818)	(7,818)
IFRS 16 Interest expenses	(1,484)	(1,484)
PBT under IFRS 16 policy	(1,055)	(2,651)

For the half year ended 27 July 2019 there was an income statement depreciation charge of £7.8m relating to right-of-use assets associated with IFRS 16 leases, and an interest cost relating to the IFRS 16 lease liabilities of £1.5m.

Whilst the implementation of IFRS 16 is an accounting change only that does not impact cash flows, it has necessitated some re-categorisation within the cash flow statement between operating and financing activities.

3. RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors have revisited and updated the principal risks and uncertainties as published in the annual report for the 52 weeks ended 26 January 2019, which are summarised below:

BUSINESS AREA	RISK TO COMPANY	MITIGATION OF RISK	ASSESSMENT OF CHANGE IN RISK YEAR ON YEAR
Economy - impact on retail	**Almost all of the Group's revenue is generated in the UK. A deterioration in the strength of the UK economy would be likely to reduce consumer demand for discretionary items.** **This could materially and adversely affect the financial position of the Group** The Group is currently funded from its own cash reserves and any prolonged downturn will impact on these reserves.	We continually focus on maintaining our product quality, customer service and supplier relationships, which will help us retain our competitive position and retain customers. The business has the flexibility to adjust its capital expenditure plans, restrict dividends and review operational expenditure to reduce or defer unnecessary expenditure. These measures will conserve cash and maintain the strength of our balance sheet. Property leases have short remaining lives allowing flexibility to reduce fixed overhead costs should the need arise. The Group is currently debt free and cash generative at an operating activity level but considers that it would be able to source funding facilities in the event that it needed to.	= This risk remains high as the economic outlook remains uncertain and as consumer confidence remains low.
Omni-Channel – Structural change within retail	Retailing worldwide is undergoing unprecedented structural change at a very fast pace. Maintaining a competitive edge through customers being able to interact and transact with the Group in whichever way they choose, whether in store or online, offering product choice and availability, and allowing multiple payment and delivery/collection options are important in growing our omni-channel credentials.	The Board regularly reviews the strategic plans in place for the business to ensure that they are appropriate to address structural changes within the retail industry. We have developed our understanding of our customer base during the year and we are focused on ensuring that the customer experience which we offer is in line with their expectations.. We increasingly encourage customers to return to our stores, where a more unified retail experience can be obtained regardless of channel of purchase. We invest where appropriate in the technology which supports improvements in our omni-channel capability.	+ The pace of structural change within the retail marketplace continues unabated, meaning that the risk has increased commensurately.

BUSINESS AREA	RISK TO COMPANY	MITIGATION OF RISK	ASSESSMENT OF CHANGE IN RISK YEAR ON YEAR
Hire	The Hire business demands the highest level of customer service. This is delivered through a highly developed and efficient infrastructure which enables consistent 'delivery to promise'. **Any disruption to this infrastructure would affect our ability to maintain customer service levels which may subsequently result in reputational issues.**	We have a dedicated operational team which actively seek to resolve any potential fulfilment issues ahead of delivery date. We are continually refreshing and replenishing our stock of hire garments to ensure that we are able to fulfil all orders as they become due. We will ensure that our Hire product/offer develops in line with customer/market expectations We continue to strengthen our back-end technology, systems and processes to ensure a robust platform for our operations.	= The risk is ongoing; we have successfully made additional improvements to our Hire operations during 2019 and will refine these further ahead of the 2020 Hire season to ensure that we continue to deliver on customer promise.
Supply chain	**A disruption to supplier continuity may adversely affect our operation.** Suppliers going out of business or unable to supply goods could have a significant impact on our ability to meet demand in store and online. As we increase the volume of garments sourced directly from supplier factories we must ensure that the supply chain critical path is closely monitored and proactively managed Additional uncertainty regarding the eventual form that 'Brexit' will take means that there may be delays to or additional costs suffered as a result of the import of our products.	We are continually reviewing and refreshing our supplier list. The diversification of product buying across a range of suppliers limits the Group's over reliance upon any individual supplier. We have implemented controls which enable us to identify early any potential deviations from product and supply chain critical paths Foreign currency exposure, principally the US Dollar, is hedged for 6 to 9 months in advance.	= The risk remains level on last year and we take heart from the successful execution of the two most recent seasons following the implementation of changes made as a result of the challenges we faced in Spring 2018 Whilst currency hedging delivers certainty in exchange rates available, hedging itself does not mitigate the fall in the value of the pound versus the US dollar.
Brexit	**The key indirect risks surrounding the UK leaving the EU and particularly leaving the EU without any transition period or any separation 'deal' in place (a 'no deal' Brexit) are significant.** The Group acquires a significant proportion of its goods from overseas, and this exposes us to the following possible issues: • Increases in tariffs and duties on goods imported to the UK may increase our costs. • Delays at border controls may lead to stock shortages. • Reduction in the value of Sterling may lead to higher costs.	We have reviewed these issues in detail and determined that there may be some additional costs, but these are expected to be limited following the Government's publication of the UK's temporary tariff regime for 'no deal'. The majority of our products are sourced from countries outside the EU. We have sought to temporarily hold greater levels of stock in the UK by the end of October 2019 in an effort to mitigate the effects of any delays at UK borders. The mitigation of indirect risks, which remain beyond our control, are highly reliant on the preparedness of national authorities and other businesses.	= The risk remains level on the year as the amended deadline for the UK to leave the EU approaches. The level of risk is compounded as a result of the uncertainty regarding the specific form and timing of the UK's departure along with a lack of clarity regarding the readiness of the EU and UK authorities to deal with each potential eventuality

BUSINESS AREA	RISK TO COMPANY	MITIGATION OF RISK	ASSESSMENT OF CHANGE IN RISK YEAR ON YEAR
Costs	**Supply chain cost price increases and currency fluctuation could have a materially adverse effect on results** A fluctuation in currency rates could materially affect the Group's cost base and margins. **A re-emergence of general price inflation could affect profitability** We continue to face significant cost headwinds including; business rates, National Living Wage, Apprenticeship Levy and Pension auto-enrolment costs as well as increasing government fossil fuel levies	Management has in part mitigated the cost price risk as a significant proportion of inventory is direct sourced and prices have been agreed as a result of competitive tendering. In addition, the Group operates a treasury policy which hedges a significant proportion of the foreign exchange risk from such direct sourcing arrangements. Management closely monitor the effectiveness of these arrangements. If general price inflation returns this may allow an increase in retail selling prices albeit subject to market conditions. Ongoing review of store profitability, combined with shorter lease durations ensures that we proactively manage the fixed overhead of our store estate. Remuneration policies are under review to ensure we remain competitive in the marketplace.	**+** The risk has increased during the year as the cost headwinds which we face continue un-abated. We continually monitor the potential impacts and address these via the actions noted here.
Cyber crime	**A cyber crime attack could disable the Group's key IT systems and compromise data security**	Customer bank or payment card details are not processed or stored in the Group's IT systems. Comprehensive security measures are in place with regular tests carried out. We have deployed additional security products to further strengthen our protection and invested during 2017 in technology infrastructure to afford us better protection. Development in cybercrime and preventative strategies are constantly reviewed.	**+** Whilst we invest on an ongoing basis in our cyber protection, the frequency and severity of cybercrime attacks against companies continue to increase.
Brand image	**Maintaining our store and brand presentation is important for attracting customers and growing our brand** The historical investment in the store estate has meant that basic infrastructure is generally good, however, an ongoing programme of visual/presentation development is required to ensure that our stores and our brand remains relevant to customers.	We have completed the majority of our store redevelopment programme to both modernise the look and feel of the stores and to meet more routine maintenance needs that had been deferred for many years. We regularly consider the appropriateness of our master brand presentation and our sub brand line up.	**=** The risk remains the same year on year.
Distribution centre (DC)	**Operating our distribution centre from one location leaves the Group exposed to business catastrophes occurring at that location** Any business catastrophe affecting our distribution centre could severely affect the Group's ability to supply to stores and customers.	We continually review and monitor our disaster recovery plan to ensure that all business risks are adequately covered. Our financial risk of operating from one location is mitigated through our comprehensive insurance cover, however due to the single location of the DC, operational mitigation beyond fire safety and security measures and rigorous adoption of good process limit mitigation somewhat.	**+** With new and increased operating pressures on the DC through our multi-channel approach, the reliance and consequent exposure to risk of the DC failing has again increased during the year.

BUSINESS AREA	RISK TO COMPANY	MITIGATION OF RISK	ASSESSMENT OF CHANGE IN RISK YEAR ON YEAR
People	**The Group's reliance on key management and other personnel could put pressure on the business if they were to leave** Attracting and retaining high calibre people is a key priority and a central focus in striving for excellent customer service across the Group's business channels.	Effective recruitment policies and people development means the Group can take full advantage of the market opportunities which it is presented. Long term incentive share awards were granted to senior employees during the year to more closely align their interests to those of the Group and a SAYE scheme is in operation.	= We continue to invest in our people and made important changes within our senior leadership team during 2018. We continue to be mindful of the risk within that senior team as a result of no incentives being paid for a second consecutive year. We continue to manage Board succession closely and have delivered high calibre replacements for retiring Board members The risk is continually monitored and addressed through a Management Talent Review and Board evaluation.
GDPR	**The General Data Protection Regulations come into force in May 2018** This legislation significantly extends requirements of companies to ensure that all personal data is handled in accordance with the new regulations. The penalties for non-compliance are potentially severe.	The company has a good understanding of GDPR and has executed a detailed plan to address the resulting requirements. We have strong policies and procedures in place to address any GDPR related issues and requests and are committed to maintaining our positive response to the legislation to date. We have in place company wide training programmes to highlight the importance of good data protection to all employees across the business.	= The risk remains level on last year. We have invested significantly in our GDPR capability and have robust processes and procedures now in place . We will continue to develop our capability and responses to GDPR related issues as 'real life' scenarios arise.
Key to change in Risk: + Risk has increased - Risk has decreased = No change N New Risk			

4. ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Group presents alternative performance measures "APMs" which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered a substitute for or superior to IFRS measures, provide stakeholders with additional or helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the board.

The key APMs that the group uses are 'like-for-like-sales (including VAT)' and 'EBITDA'. 'Like-for-like-sales (including VAT)' is defined as 'financial information for e-commerce and stores open during both the current and prior financial periods and compares 26 weeks against 26 weeks, except for stores refitted in the period, where the period closed for refit is excluded from both the current and prior financial periods. Like-for-like Hire and Tailor Me sales are calculated on cash receipts in the period, before adjustment for the movement in the level of deposits held.'

A reconciliation of 'like for like sales' to revenue as stated in the financial statements is presented below.

EBITDA is defined as 'Earnings before interest, tax, depreciation, amortisation after adjusting items. A reconciliation to adjusted profit on ordinary activities before taxation as stated in the consolidated statement of comprehensive income is shown in note 9.

	26 weeks to 27 July 2019 £m	26 weeks to 28 July 2018 £m
Total like-for-like sales (including VAT)	**75.7**	71.0
VAT	**(12.6)**	(11.8)
Total like-for-like sales (net of VAT)	**63.1**	59.2
Non like-for-like store sales (net of VAT)	**1.5**	4.2
Other revenue	**0.8**	1.1
Total revenue	**65.4**	64.5

5. BUSINESS SEGMENTS

The majority of the Group's turnover arose in the United Kingdom, with the exception of three stores in Ireland.

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer to allocate resources to the segments and to assess their performance. The Chief Executive Officer is the chief operating decision-maker.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance is focused on the split between Mainstream Retail and Hire. This is consistent with the prior year.

Information regarding the Group's continuing operating segments is reported below. E-commerce is not identified separately as an operating segment due to increasing levels of cross-over between physical store sales and customers and e-commerce sales and customers as we pursue our strategic goal of achieving full omni-channel capability.

Only revenue and gross profit have been reported for the Group's business segments, Retail and Hire, as the main operating costs, being property, related overheads and staff, cannot be separately identified as they both use the same stores and hence operating profit is not reported to the Chief Executive Officer split by Retail and Hire. Revenue and gross profit are the measures reported to the Chief Executive Officer.

On the same basis, assets cannot be allocated between Retail and Hire, and are not reported to the Chief Executive Officer separately.

Revenues outside of the United Kingdom represent less than 4% of Group revenues.

6. ADJUSTING ITEMS

	26 weeks to 27 July 2019 £'000	26 weeks to 28 July 2018 £'000	52 weeks to 26 January 2019 £'000
Store impairments	1,064	1,227	2,171
Reorganisation and employee-related costs	532	751	1,628
Adjustments to profit before tax	1,596	1,978	3,799

Store impairments (£1,064,000)

The Group has performed an impairment review of intangible assets, property plant and equipment, and right-of-use assets to recognise a charge of £1,064,000 in relation to the impairment of store assets where the current and anticipated future performance resulting from the current challenging trading conditions does not support the carrying value of the store assets. For the half year ended 27 July 2019, a charge of £936,000 was recognised as part of right-of-use assets, and £128,000 was recognised for property plant and equipment. The Group considers that stores impairment should be treated as an adjusting item given the size and nature of the costs incurred.

Reorganisation and employee-related costs including HMRC living wage review (£532,000)

The charge in the period is as a result of certain elements of the transformation required within the business in order to deliver the overall business strategy, including redundancies and associated professional fees. An estimate of charge arising from a review of historic pay rates is also included.

7. TAX

The effective current tax rate on the reported profit before tax for the 26 week period to 27 July 2019 is -6.4 % (28 July 2018: -20.3%; 26 Jan 2019: -8.7%), representing the expected average annual effective current tax rate for the full year, applied to the pre-tax income of the 26 week period.

8. EARNINGS PER SHARE

Basic earnings per ordinary share is based on the weighted average of 100,499,839 (28 July 2018: 100,499,839; 29 July 2017: 100,417,250) ordinary shares in issue during the period after deducting for shares held by the Employee Benefit Trust and are calculated by reference to the loss attributable to shareholders of £2,482,000 (28 July 2018 : loss of 2,097,000; 26 January 2019: loss of £3,846,000).

Diluted EPS has not been disclosed due to the Group being loss making which has a non-dilutive effect on the shares

Basic earnings per share	**26 weeks to 27 July 2019 Pence**	26 weeks to 28 July 2018 Pence	52 weeks to 26 January 2019 Pence
Adjusted[1] basic earnings per share	**(1.08)**	0.3	(0.59)
Impact of adjusting items[2]	**(1.39)**	(2.39)	(3.24)
Basic earnings per share	**(2.47)**	(2.09)	(3.83)

[1]Adjusted represents results before adjusting items as defined in note 2.3 of the Interim Financial Statements

[2]Refer to note 6

9. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

	26 weeks to 26 July 2019 before IFRS 16 £'000	**26 weeks to 26 July 2019 after IFRS 16 £'000**	26 weeks to 27 July 2018 £'000	52 weeks to 27 January 2018 £'000
(Loss) on ordinary activities before tax	**(1,572)**	**(2,651)**	(1,743)	(4,214)
Adjusting items	**1,596**	**1,596**	1,978	3,799
Adjusted profit / (Loss)	**24**	**(1,055)**	235	(415)
Deduct:				
Investment Revenues	**(37)**	**(37)**	(37)	(76)
Interest expense	**0**	**1,484**	0	4
Add:				
Depreciation of property, plant and equipment and leasehold improvements	**2,654**	**2,654**	2,984	6,017
Amortisation of intangible assets	**496**	**496**	482	1,045
Depreciation of right of use assets	**-**	**7,818**	-	-
EBITDA	**3,137**	**11,360**	3,664	6,575

10. DIVIDENDS

The directors have declared that no interim dividend (HY1 2018: 1.50 pence per share) will be payable to shareholders. The directors will review our Dividend Policy throughout the year, considering the overall yield, balanced against the wider investment needs of the business.

11. RELATED PARTY TRANSACTIONS

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

TRADING TRANSACTIONS

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

AAK Limited is considered a related party of the Group because Maurice Helfgott, Senior Independent Non- Executive Director of Moss Bros Group plc, has a close relative holding a key management position with significant influence and who is a significant shareholder at AAK Limited. All transactions with AAK Limited have been on an arm's length basis. At 27 July 2019, total purchase from AAK Limited was £nil, including VAT, (28 July 2018: £200,000 including VAT).

12. SHARE-BASED PAYMENTS

In 2009/10 a new equity-settled Long Term Incentive Plan (LTIP) was approved by shareholders and an amendment to this was approved in May 2019. During the period to 27 July 2019, under the same scheme, 2,721,538 shares were awarded to senior employees on 8 April 2019. 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 2019 grant has performance conditions which are split between market-based and non-market based conditions. The Monte Carlo valuation model is used for the non-market based proportion of the grant and the Black Scholes valuation model is used for the market based proportion of the grant. These grants are accounted for in accordance with IFRS 2 'Share-based Payments'.

A Save As You Earn (SAYE) scheme was approved and adopted in 2012/13 and is open to all employees to benefit from the continued growth of the business. During the period to 27 July 2019, a further grant of 1,499,809 shares was made.

The amount recorded in the income statement for share-based payments under IFRS2 in the period to 27 July 2019 is £54,000 (28 July 2018: £21,000; 26 January 2019: £122,000).

13. HALF-YEARLY REPORT

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