

Tuesday 6 July

N Brown Group

INTERIM MANAGEMENT AND AGM TRADING STATEMENT

At the Annual General Meeting being held today at 12.30 pm Lord Alliance of Manchester CBE, Chairman, will make the following statement on current trading.

In the 18 weeks ended 3 July 2010 total group revenue increased by 1.1% with sales 0.1% ahead on a like-for-like basis. Trading since the general election has been subdued as customers assess the likely impact on their personal situation of the coalition government's new policies.

We have increased our share in women's clothing and footwear even though sales for the market as a whole for customers aged over 65 and for size 16+ clothing have fallen (Kantar Worldfashion Panel). Menswear and ladies footwear are maintaining their strong growth, as are our Jacamo and Marisota brands.

The proportion of sales transacted online continues to grow, and now represents 41% of total revenues. Customer recruitment activity is yielding good results particularly from online search engines and product advertisements in newspapers and magazines. We have committed to increase the recruitment expenditure in the second half beyond the budgeted level to bolster the database.

The actions we took in 2009 to reduce the ratio of bad debt to sales growth have reduced revenues by almost 2% compared with the same period last year. However these actions have also contributed to an improvement in the gross margin rate which is now only 0.2% below last year's level, compared with an expected 0.3% decline at the announcement of our preliminary results. This gross margin reduction will be offset by operational cost savings, largely due to the increased level of online trading.

The development plan for High & Mighty is progressing to schedule and we are excited by the opportunities for Figleaves, which we acquired last month, and for the imminent launch of the Simply Be website and catalogue in the USA this summer. These business developments build on our strategy of targeting niche customers and products and, together with the continuing strong financial position of the group, give the board confidence in the future outlook for the group.

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