

INTERIM MANAGEMENT STATEMENT

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N Brown Group plc

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:

Trading

In the 17 weeks ended 30 June 2012 total group revenue increased by 2.5%. Like-for-like revenue growth was 1.9% after excluding sales from stores opened in the last year.

Within the overall improvement in the sales trend there is a significant variation in performance by product category. Ladieswear revenues have been lower than expected, primarily due to the ongoing unsettled weather conditions which have depressed the sales of summer clothing. This was evidenced by very strong sales and margin in the weeks when there were sunny days. However, menswear, footwear, lingerie and home and leisure product categories have all shown growth although there has been a concentration of demand on our key value lines or those which have promotional discounts, such as our online deals of the day, as customers continue to be careful in their spending. This mix of sales has resulted in a 1% lower rate of gross margin than we had anticipated in the period under review. However we still expect the gross margin to improve from current levels as we progress through the year as our planned lower stock levels will result in reduced volumes of discounted sales of excess stocks than we saw in the second half of last year. The second half will also benefit from lower input prices which should help to stimulate demand.

Progress is being made on all the key initiatives within the business. Online revenue growth remains strong and now accounts for almost 53% of total sales as we capitalise on the trading opportunities in this channel. The financial performance of the most recent acquisitions, High & Mighty and Figleaves, and the international businesses are going according to plan. The Jacamo menswear range will be installed on the mezzanine floors in the Simply Be concept stores in Liverpool and Manchester (which opens September 2012) in addition to Gateshead where it is trading well.

Neither the prevailing economic backdrop nor the weather conditions are helpful to our business. However our flexible business model allows us to target the marketing investment and manage our cost base in order to deliver the best result in any given circumstances. This flexibility, combined with the focus on our key initiatives and the continuing strong financial position of the group, underpins and maintains the board's confidence in the future.

-Ends-

For further information please contact:

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