MULBERRY GROUP PLC ("Mulberry" or the "Group")

RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

Mulberry Group plc, the English luxury brand, announces its results for the six months ended 30 September 2015.

FINANCIAL HIGHLIGHTS
• Total revenue up 5% to £67.8 million (2014: £64.7 million)
• Gross profit margin increased by 1.6% to 61.5% (2014: 59.9%)
• Profit before tax £0.1 million (2014 Loss before tax: £1.1 million)

OPERATING HIGHLIGHTS
• Digital sales increased by 20%, representing 12% of Group sales (2014: 10%)
• Efficiency gains in our UK factories which now produce c. 50% of our handbags

CURRENT TRADING AND OUTLOOK
• Total Retail sales for the 10 weeks to 5 December were up 4% (like-for-like up 5%)
• 2015 Christmas video #MulberryMiracle has been viewed over 1.7 million times
• New Creative Director, Johnny Coca, will show his first Mulberry collection as part of London Fashion Week during February 2016

THIERRY ANDRETTA, CHIEF EXECUTIVE OFFICER, COMMENTED:
“Our strategy is beginning to deliver tangible results in line with our expectations. We look forward to Johnny Coca’s first Mulberry collection which will emphasise our Britishness and our heritage in leather, whilst delivering great quality within our targeted price range. We remain committed to our UK manufacturing base, which produces c. 50% of our handbags. We are excited about the future and look forward to the Mulberry brand fulfilling its potential both in the UK and internationally.”

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Copies of this Half Year Report are available from the Group's registered office and from its website www.mulberry.com.
FINANCIAL REVIEW

Sales continued to grow during the six months to 30 September 2015 and the profit before tax was ahead of the prior year period.

Total revenue for the period was £67.8 million, up 5% from £64.7 million last year, reflecting growth in Retail sales which was partially offset by the expected decline in Wholesale sales. Trading in our own Retail stores continued to grow encouragingly throughout the period.

Retail

Retail sales have continued to grow following the momentum gained during the second half of the year to March 2015. Retail sales (including Digital) increased 12% (£5.3 million) to £50.4 million during the period, with like-for-like sales up 10%.

- UK Retail sales (including Digital) were up 12% (like-for-like up 14%) for the period to £40.0 million (2014: £35.8 million);
- International Retail sales (including Digital) were up 12% (like-for-like down 3%) for the period to £10.4 million (2014: £9.3 million). Sales in Europe have grown encouragingly, benefitting from both positive like-for-like growth and new stores, whilst North America was more challenging; and
- Digital sales were up 20% to £7.9 million, accounting for 12% of Group sales (2014: 10%); 77% of our Digital sales were generated in the UK and 46% of revenues were generated through orders placed via mobile phones or tablets.

Wholesale

As anticipated, Wholesale sales declined by 11% to £17.4 million (2014: £19.6 million), reflecting conservative ordering by our Asian partners as well as our own efforts to increase control over distribution to independent retailers. We expect the sales trend to continue for the short term as our partners await the arrival of the new collections from Johnny Coca and we continue to optimise our network.

The franchise network at 30 September 2015 included 57 partner stores in Asia and Europe (2014: 51).

Financial

Gross margin for the six months to 30 September 2015 increased by 1.6% to 61.5% (2014: 59.9%), reflecting the increased proportion of sales generated in our own Retail stores and the efficiency improvements achieved in our UK factories in Somerset.

Net operating expenses for the period increased by £1.7 million to £41.7 million (2014: £40.0 million), reflecting an increase in net Retail costs for stores opened/closed (£1.6 million) and additional senior management (£1.2 million), partially offset by reduced advertising and promotion costs due to the phasing of spend (£0.7 million) and other cost reductions (£0.4 million). In addition, an exceptional profit was recorded on the sale of the leases of two stores, which was offset by the impairment of one directly-operated store and the write down of our contribution to a partner store that was closed after the period end.

Profit before tax was £0.1 million (2014 Loss before tax: £1.1 million).

The effective tax rate for the full year is expected to decline to 48% (2014: 63%) as a result of a reduction in the European and Canadian losses that cannot be offset against increasing UK profits.
Capital and investment expenditure for the period was £2.1 million (2014: £12.0 million), of which £1.3 million related to new stores and £0.5 million to investment in digital and IT systems.

The improvement in factory efficiency is in part responsible for the increase in inventories to £47.7 million from £39.4 million at the start of the period. October wholesale shipments were £3.0 million higher than last year which enables our partners to have more time to sell the SS16 collection.

The Group had cash of £4.1 million at 30 September 2015 (2014: £3.6 million) which includes the £3.6 million received from the disposal of the two stores.

**OPERATING REVIEW**

**Product and Design**

During the last eighteen months, our priority has been to focus on regaining momentum within our single largest category, women's handbags. This strategy is proving successful and looking forward, we will apply the same approach across all product categories to reinforce the brand's British lifestyle image.

Our new Creative Director, Johnny Coca, joined Mulberry during July and has been working closely with the design and product development teams to prepare the AW16 collection. During the period, we have taken the opportunity to build our design team by hiring new talent with specialist skills in order to enhance the important and complementary categories of men’s bags, small leather goods, women’s shoes and ready-to-wear. In particular, we are focusing upon delivering Mulberry style and quality whilst adhering to our well defined price positioning strategy.

We look forward to showing the first Mulberry collection under Johnny Coca’s creative direction at London Fashion Week during February 2016. These ranges will reach our distribution network during June 2016.

**Brand and Marketing**

We continue to invest in digital marketing and have upgraded our website www.mulberry.com. Through an increased use of stories, film and stronger visual aesthetic, the site aims to communicate our rich brand heritage and connect with our customers.

We have followed the success of last year’s tongue in cheek Christmas video with a new offering for 2015 in our uniquely British way. The video, #MulberryMiracle, has been viewed over 1.7 million times. Our collaboration with Georgia May Jagger enabled us to reach new customers, whilst increasing our social media followers.

**Distribution**

Our distribution strategy is to expand the business internationally as an omni-channel brand with well-placed stores complemented by a strong digital offering. A large proportion of our North American and European stores have been opened relatively recently and so in the short to medium term we will focus upon improving their productivity with limited new store openings. We will continue to refine our wholesale distribution focussing upon franchise partners and brand enhancing department stores.

During the period, we opened a flagship store in Paris (and closed our smaller store) and closed two directly-operated stores in San Francisco, California and Short Hills, New Jersey. Our partners opened three stores in Macau, Jakarta and Singapore whilst closing one store in Kuwait. At 30 September 2015 Mulberry’s global store footprint was 122 stores, including directly-operated and partner stores.
Operations

We have continued to invest in our two UK factories which employ c. 600 people and have achieved significant improvements in efficiency over the past 12 months. They are working at full capacity, deliver on time and produce c. 50% of our handbags.

We have continued to develop our IT systems during the first half and have implemented further enhancements to our omni-channel capability including the integration of digital, in-store sales and customer data in our UK directly-operated stores.

CURRENT TRADING AND OUTLOOK

Total Retail sales for the 10 weeks to 5 December 2015 were up 4% relative to the same period last year (like-for-like up 5%). Retail sales have continued to grow in the second half but the comparatives are tougher as our strategy had started to take effect in the second half of last year. This was driven by strong growth in our Digital business where sales increased by 18%. Digital contributed to the continued strong performance of the UK where total Retail sales (including Digital) during the 10 weeks rose by 6% (like-for-like up 6%).

Whilst trading for the year to date has grown in line with our expectations, our full year results are dependent on the next few weeks of trading through Christmas and into January.

<table>
<thead>
<tr>
<th></th>
<th>Retail total sales</th>
<th>Retail like-for-like sales*</th>
</tr>
</thead>
<tbody>
<tr>
<td>This year vs. last year (%)</td>
<td>26 weeks to 30-Sep-15</td>
<td>10 weeks to 05-Dec-15</td>
</tr>
<tr>
<td>UK Retail**</td>
<td>+12%</td>
<td>+6%</td>
</tr>
<tr>
<td>International Retail**</td>
<td>+12%</td>
<td>-6%</td>
</tr>
<tr>
<td>Total Retail</td>
<td>+12%</td>
<td>+4%</td>
</tr>
</tbody>
</table>

* Like-for-like defined as the year-on-year change in sales from stores which have been trading both during the current and previous periods
** Regional splits include digital sales
*** Digital sales rose by +20% in the 26 weeks to 30 Sep 2015 and by +18% in the 10 weeks to 5 Dec 2015

Consistent with our strategy to build on our British lifestyle image across all of our collections, there will be an increased investment in designing, developing and launching our AW16 collections during the six months to 31 March 2016. These collections will reach our Retail and Wholesale networks during June 2016 which falls within our next financial year ending 31 March 2017.

Women’s ready-to-wear and shoes are a very small proportion of our sales but have potential for growth in the future and are an important factor in building the lifestyle image that will help develop Mulberry internationally. After careful analysis, we have concluded that licensing the manufacture and distribution of these categories will enable us to deliver best in class quality whilst achieving our target price range. We have signed a letter of intent with high quality third party partners who have been selected based upon their proven track record in the luxury industry.

Since the end of September we have reopened our directly-operated store in Stansted Airport following the redevelopment of the terminal and will be relocating our store in Westfield White City to a larger and improved location on 11 December. We have also opened one partner store in Abu Dhabi.
We continue to focus upon improving the productivity of our existing stores. Omni-channel remains a priority with continued investment planned during this financial year to enhance the UK offering and to roll-out these services to key international markets. During November, we launched our local language website in Germany. In addition, we will soon be rolling out the omni-channel offer to our directly-operated stores in Europe.

Operating costs will increase during the second half, reflecting the additional design and product development costs as explained above, the costs of new stores opened both this year and last year, as well as the costs relating to the new senior management team.

Capital expenditure for the full year to 31 March 2016 is expected to be in the region of £9.0 million (2015: £17.0 million), of which the majority will be on stores.
## Consolidated income statement

Six months ended 30 September 2015

<table>
<thead>
<tr>
<th>Note</th>
<th>Unaudited six months 30 Sept 2015 £’000</th>
<th>Unaudited six months 30 Sept 2014 £’000</th>
<th>Audited year ended 31 Mar 2015 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>67,768</td>
<td>64,700</td>
<td>148,680</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(26,083)</td>
<td>(25,950)</td>
<td>(58,745)</td>
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</table>

**Gross profit**

<table>
<thead>
<tr>
<th></th>
<th>41,685</th>
<th>38,750</th>
<th>89,935</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Other operating expenses</th>
<th>(42,077)</th>
<th>(40,127)</th>
<th>(85,932)</th>
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</thead>
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<tr>
<td>Exceptional operating income</td>
<td>4</td>
<td>1,078</td>
<td>-</td>
</tr>
<tr>
<td>Exceptional operating expenses</td>
<td>5</td>
<td>(942)</td>
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</table>

**Operating expenses**

<table>
<thead>
<tr>
<th></th>
<th>(41,941)</th>
<th>(40,127)</th>
<th>(88,594)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other operating income</td>
<td>198</td>
<td>159</td>
<td>359</td>
</tr>
</tbody>
</table>

**Operating (loss)/profit**

<table>
<thead>
<tr>
<th></th>
<th>(58)</th>
<th>(1,218)</th>
<th>1,700</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of results of associates</td>
<td>128</td>
<td>100</td>
<td>190</td>
</tr>
<tr>
<td>Finance income</td>
<td>2</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(12)</td>
<td>(5)</td>
<td>(46)</td>
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</tbody>
</table>

**Profit/(loss) before tax**

<table>
<thead>
<tr>
<th></th>
<th>60</th>
<th>(1,110)</th>
<th>1,861</th>
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</thead>
<tbody>
<tr>
<td>Tax credit/(charge)</td>
<td>6</td>
<td>60</td>
<td>700</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the parent</td>
<td>120</td>
<td>(410)</td>
<td>(1,392)</td>
</tr>
<tr>
<td>Basic earnings/(loss) per share</td>
<td>9</td>
<td>0.2p</td>
<td>(0.7p)</td>
</tr>
<tr>
<td>Diluted earnings/(loss) per share</td>
<td>9</td>
<td>0.2p</td>
<td>(0.7p)</td>
</tr>
</tbody>
</table>

All activities arise from continuing operations.
### Consolidated statement of comprehensive income

**Six months ended 30 September 2015**

<table>
<thead>
<tr>
<th></th>
<th>Unaudited six months 30 Sept 2015 £’000</th>
<th>Unaudited six months 30 Sept 2014 £’000</th>
<th>Audited year ended 31 Mar 2015 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(loss) for the period</td>
<td>120</td>
<td>(410)</td>
<td>(1,392)</td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>(218)</td>
<td>(436)</td>
<td>(1,084)</td>
</tr>
<tr>
<td>Tax impact arising on above exchange differences</td>
<td>44</td>
<td>89</td>
<td>(137)</td>
</tr>
<tr>
<td><strong>Total comprehensive expense for the period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(54)</td>
<td>(757)</td>
<td>(2,613)</td>
</tr>
</tbody>
</table>

**Attributable to:**

|                                |                                          |                                          |                                     |
| Equity holders of the parent   | (54)                                     | (757)                                    | (2,613)                             |
Consolidated balance sheet
At 30 September 2015

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 30 Sept 2015 £'000</th>
<th>Unaudited 30 Sept 2014 £'000</th>
<th>Audited 31 Mar 2015 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>11,125</td>
<td>14,020</td>
<td>12,713</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>28,918</td>
<td>36,274</td>
<td>33,289</td>
</tr>
<tr>
<td>Interests in associates</td>
<td>155</td>
<td>120</td>
<td>93</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>1,381</td>
<td>550</td>
<td>1,260</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>47,666</td>
<td>39,329</td>
<td>39,379</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>12,864</td>
<td>13,988</td>
<td>13,260</td>
</tr>
<tr>
<td>Current tax asset</td>
<td>110</td>
<td>1,199</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4,057</td>
<td>3,585</td>
<td>9,900</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>106,276</td>
<td>109,065</td>
<td>109,894</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(27,380)</td>
<td>(28,639)</td>
<td>(28,733)</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>-</td>
<td>-</td>
<td>(2,472)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(31,205)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>(27,380)</td>
<td>(28,639)</td>
<td>(31,205)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>78,896</td>
<td>80,426</td>
<td>78,689</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Share premium account</td>
<td>11,961</td>
<td>11,961</td>
<td>11,961</td>
</tr>
<tr>
<td>Own share reserve</td>
<td>(1,498)</td>
<td>(1,641)</td>
<td>(1,601)</td>
</tr>
<tr>
<td>Capital redemption reserve</td>
<td>154</td>
<td>154</td>
<td>154</td>
</tr>
<tr>
<td>Special reserves</td>
<td>-</td>
<td>1,467</td>
<td>1,467</td>
</tr>
<tr>
<td>Foreign exchange reserve</td>
<td>(1,607)</td>
<td>(559)</td>
<td>(1,433)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>66,886</td>
<td>66,044</td>
<td>65,141</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>78,896</td>
<td>80,426</td>
<td>78,689</td>
</tr>
</tbody>
</table>
Consolidated statement of changes in equity
Six months ended 30 September 2015

Equity attributable to equity holders of the parent

<table>
<thead>
<tr>
<th></th>
<th>Share capital £'000</th>
<th>Share premium account £'000</th>
<th>Own share reserve £'000</th>
<th>Capital reserve £'000</th>
<th>Special reserves £'000</th>
<th>Foreign exchange reserve £'000</th>
<th>Retained earnings £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at 1 April 2014</strong></td>
<td>3,000</td>
<td>11,961</td>
<td>(1,676)</td>
<td>154</td>
<td>1,467</td>
<td>(212)</td>
<td>69,264</td>
<td>83,958</td>
</tr>
<tr>
<td>Total comprehensive expense for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(347)</td>
<td>(410)</td>
<td>(757)</td>
</tr>
<tr>
<td>Charge for employee share-based payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90</td>
<td>90</td>
<td>180</td>
</tr>
<tr>
<td>Exercise of share options</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>Own shares</td>
<td>-</td>
<td>-</td>
<td>35</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35</td>
</tr>
<tr>
<td>Ordinary dividends paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(2,966)</td>
<td>(2,966)</td>
</tr>
<tr>
<td><strong>As at 30 September 2014</strong></td>
<td>3,000</td>
<td>11,961</td>
<td>(1,641)</td>
<td>154</td>
<td>1,467</td>
<td>(559)</td>
<td>66,044</td>
<td>80,426</td>
</tr>
<tr>
<td>Total comprehensive expense for the period</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(874)</td>
<td>(982)</td>
<td>(1,856)</td>
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<td>Charge for employee share-based payments</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46</td>
<td>46</td>
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<tr>
<td>Exercise of share options</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Own shares</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>40</td>
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<td>3,000</td>
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<td>(1,601)</td>
<td>154</td>
<td>1,467</td>
<td>(1,433)</td>
<td>65,141</td>
<td>78,689</td>
</tr>
<tr>
<td>Total comprehensive expense for the period</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>(174)</td>
<td>120</td>
<td>(54)</td>
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<tr>
<td>Charge for employee share-based payments</td>
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<td>-</td>
<td>-</td>
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<td>259</td>
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<td>Exercise of share options</td>
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<td>103</td>
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<tr>
<td>Redemption of reserve</td>
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<td>-</td>
<td>(1,467)</td>
<td>-</td>
<td>1,467</td>
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<tr>
<td><strong>As at 30 September 2015</strong></td>
<td>3,000</td>
<td>11,961</td>
<td>(1,498)</td>
<td>154</td>
<td>-</td>
<td>(1,607)</td>
<td>66,886</td>
<td>78,896</td>
</tr>
</tbody>
</table>
Consolidated cash flow statement
Six months ended 30 September 2015

<table>
<thead>
<tr>
<th></th>
<th>Unaudited six months 30 Sept 2015 £’000</th>
<th>Unaudited six months 30 Sept 2014 £’000</th>
<th>Audited year ended 31 Mar 2015 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating (loss)/profit for the period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(58)</td>
<td>(1,218)</td>
<td>1,700</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and impairment of property, plant and equipment</td>
<td>4,104</td>
<td>3,462</td>
<td>10,300</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>904</td>
<td>1,027</td>
<td>2,028</td>
</tr>
<tr>
<td>(Loss)/profit on sale of property, plant and equipment</td>
<td>(694)</td>
<td>(4)</td>
<td>8</td>
</tr>
<tr>
<td>Loss on sale of intangible assets</td>
<td>(388)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Effects of foreign exchange</td>
<td>8</td>
<td>51</td>
<td>204</td>
</tr>
<tr>
<td>Share-based payments charge</td>
<td>259</td>
<td>107</td>
<td>155</td>
</tr>
<tr>
<td><strong>Operating cash flows before movements in working capital</strong></td>
<td>4,135</td>
<td>3,425</td>
<td>14,395</td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>(8,346)</td>
<td>(5,581)</td>
<td>(5,595)</td>
</tr>
<tr>
<td>Decrease/(increase) in receivables</td>
<td>398</td>
<td>(389)</td>
<td>106</td>
</tr>
<tr>
<td>(Decrease)/increase in payables</td>
<td>(634)</td>
<td>498</td>
<td>838</td>
</tr>
<tr>
<td><strong>Cash (used in)/generated by operations</strong></td>
<td>(4,447)</td>
<td>(2,047)</td>
<td>9,744</td>
</tr>
<tr>
<td>Corporation taxes paid</td>
<td>(2,599)</td>
<td>(873)</td>
<td>(2,103)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(12)</td>
<td>(5)</td>
<td>(46)</td>
</tr>
<tr>
<td><strong>Net cash (outflow)/inflow from operating activities</strong></td>
<td>(7,058)</td>
<td>(2,925)</td>
<td>7,595</td>
</tr>
<tr>
<td><strong>Investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>2</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Purchases of property, plant and equipment</td>
<td>(2,036)</td>
<td>(6,074)</td>
<td>(10,057)</td>
</tr>
<tr>
<td>Proceeds from sales of property, plant and equipment</td>
<td>2,089</td>
<td>9</td>
<td>157</td>
</tr>
<tr>
<td>Acquisition of intangible fixed assets</td>
<td>(335)</td>
<td>(7,755)</td>
<td>(8,130)</td>
</tr>
<tr>
<td>Proceeds from sales of intangible assets</td>
<td>1,495</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash generated from/(used in) investing activities</strong></td>
<td>1,215</td>
<td>(13,807)</td>
<td>(18,013)</td>
</tr>
<tr>
<td><strong>Financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>(2,966)</td>
<td>(2,966)</td>
</tr>
<tr>
<td>Settlement of share awards</td>
<td>-</td>
<td>(131)</td>
<td>(130)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>-</td>
<td>(3,097)</td>
<td>(3,096)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(5,843)</td>
<td>(19,829)</td>
<td>(13,514)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>9,900</td>
<td>23,414</td>
<td>23,414</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>4,057</td>
<td>3,585</td>
<td>9,900</td>
</tr>
</tbody>
</table>
Notes to the condensed financial statements
Six months ended 30 September 2015

1. General information

Mulberry Group plc is a company incorporated in the United Kingdom under the Companies Act 2006. The half-year results and condensed consolidated financial statements for the six months ended 30 September 2015 (the interim financial statements) comprise the results for the Company and its subsidiaries (together referred to as the Group) and the Group’s interest in associates.

The information for the year ended 31 March 2015 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.

The interim financial statements for the six months ended 30 September 2015, have not been reviewed or audited.

2. Significant accounting policies

The accounting policies and methods of computation followed in the interim financial statements are consistent with those as published in the Group’s Annual Report and Financial Statements for the year ended 31 March 2015.

At the date of approval 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:

- IFRS 9: Financial Instruments; and
- IFRS 15: Revenue from Contracts with Customers.

The Directors do not expect that the adoption of this Standard will have a material impact on the financial statements of the Group in future periods. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these Standards until a detailed review has been completed.

The Annual Report and Financial Statements are available from the Group’s website (www.mulberry.com) or from the Company Secretary at the Company’s registered office, The Rookery, Chilcompton, Bath, England, BA3 4EH.

3. Going concern

The Group has considerable financial resources together with a customer base split across different geographic areas and between directly operated stores, partner stores and wholesale accounts. 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 facilities. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half year results.
Notes to the condensed financial statements
Six months ended 30 September 2015

4. Exceptional operating income

The exceptional operating income of £1,078,000 (2014: nil) represents the profit on disposal of the interest in two store leases (207 Rue Saint Honoré, Paris and Grant Avenue, San Francisco).

5. Exceptional operating expenses

The exceptional operating expenses of £942,000 (2014: nil) represents:

- An impairment charge of £548,000 relating to the retail assets of one international store. The store has not been trading in line with its expected potential; and
- An impairment charge of £394,000 for the contribution towards the opening of a flagship store for a franchise partner in prior years and where the store has now been closed.

6. Taxation

The tax credit is calculated by applying the forecast full year effective tax rate to the interim profit and calculating the deferred tax balance for the period.

7. Contingent liability

The Group is currently in discussion with the UK tax authorities regarding the residency of its US subsidiary for tax purposes. Following the acquisition of the retail store business during 2009, Mulberry Company (USA) Inc has been treated as dual resident and taxes paid in the UK when the company made profits and any losses used to offset the UK taxable profits. In arriving at the overall Group tax charge, the US tax losses have been group relieved reducing the tax payable in the UK by a total of £5,700,000 (£700,000 in the current period and £5,000,000 in prior years). The Directors are satisfied that the business is operated and controlled in the UK and therefore meets the relevant UK Central Management and Control test and can offset the losses. Should the HMRC successfully challenge the Group’s position, additional tax and interest may need to be paid.

8. Dividend

<table>
<thead>
<tr>
<th></th>
<th>Six months 30 Sept 2015</th>
<th>Six months 30 Sept 2014</th>
<th>Year ended 31 Mar 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend of 5p per ordinary share (2015: 5p)</td>
<td>-</td>
<td>2,966</td>
<td>2,966</td>
</tr>
</tbody>
</table>

Dividend paid during the period relating to the previous year’s results

The final dividend for the year ended 31 March 2015 was paid to shareholders on 26 November 2015.
Notes to the condensed financial statements
Six months ended 30 September 2015

9. Earnings per share (‘EPS’)

<table>
<thead>
<tr>
<th></th>
<th>Six months 30 Sept 2015</th>
<th>Six months 30 Sept 2014</th>
<th>Year ended 31 Mar 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings/(loss) per share</td>
<td>0.2p</td>
<td>(0.7p)</td>
<td>(2.3p)</td>
</tr>
<tr>
<td>Diluted earnings/(loss) per share</td>
<td>0.2p</td>
<td>(0.7p)</td>
<td>(2.3p)</td>
</tr>
</tbody>
</table>

Earnings per share is calculated based on the following data:

<table>
<thead>
<tr>
<th></th>
<th>Six months 30 Sept 2015</th>
<th>Six months 30 Sept 2014</th>
<th>Year ended 31 Mar 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(loss) for the period for basic and diluted earnings per share</td>
<td>120</td>
<td>(410)</td>
<td>(1,392)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of ordinary shares for the purpose of basic EPS</td>
<td>59.3</td>
<td>59.3</td>
<td>59.3</td>
</tr>
<tr>
<td>Effect of dilutive potential ordinary shares: share options</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of ordinary shares for the purpose of diluted EPS</td>
<td>59.8</td>
<td>59.9</td>
<td>59.9</td>
</tr>
</tbody>
</table>