

# Mulberry

## Mulberry Group plc Results for the six months ended 30 September 2017

**Further Asia expansion, improved margin from reduced markdowns, increase in cash position**

Mulberry Group plc ("the Group" or "Mulberry"), the British luxury brand, announces results for the six months ended 30 September 2017.

### OPERATING HIGHLIGHTS

- New venture agreed with Onward Global Fashion Co., Limited ("OGF") to develop the business in Japan, with an initial presence of four stores established in key locations
- Newly introduced products have continued to gain momentum with the Group's existing and new customers with the Amberley bag becoming an instant bestseller
- A steady performance has been achieved in the UK with an increase in tourist spending in London

### FINANCIAL HIGHLIGHTS

- Total revenue was £74.6 million (2016: £74.5 million), with Retail sales up 2% and like-for-like sales down 1%
- Gross margin increased 248 basis points (up £1.9 million) due to full price focus and lower markdown sales
- The Group's cash balances increased to £16.4 million (2016: £11.3 million) after higher investment levels
- Operating performance was in line with last year, with loss before tax of £0.6 million (2016: £0.5 million)

### CURRENT TRADING

- In Japan, the shareholder agreement was signed and one further store opened, bringing the total to five
- Retail like-for-like sales up 1% for the 10 weeks to 2 December, with International up 12% and Digital up 9%

### THIERRY ANDRETTA, CHIEF EXECUTIVE OFFICER, COMMENTED:

"We are delivering on our strategy to grow Mulberry as a global luxury brand. Our international platform is taking shape and we have seen a successful initial trading period in Japan through our collaboration with OGF.

Our focus on full price sales growth has delivered good results with new designs proving popular with customers. The Amberley bag, launched during June 2017, has already become a bestseller.

We continue to invest in our Somerset factories and have created an Artisan Studio that showcases our distinctive British craftsmanship on special and limited edition products.

We continue to see strong demand from tourists in London and whilst the UK remains uncertain, the Group remains in a strong position to invest in further developing the customer experience in key international markets and enhancing its unique UK design and manufacturing base."

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Copies of this Half Year Report are available from the Group's website ([www.mulberry.com](http://www.mulberry.com)) and from its registered office, The Rookery, Chilcompton, Bath, BA3 4EH, England

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## BUSINESS REVIEW

### Sales

Total revenue of £74.6 million was in line with the prior year (2016: £74.5 million) with a focus on full price sales and new products. Retail sales increased, with the UK flat and International showing growth, whilst Wholesale sales decreased, primarily reflecting the acquisition of two stores in North Asia.

#### 1) Product launches

New product launches continued to be a focus during the period, building on the momentum achieved during recent seasons. The Amberley bag, which has become an instant bestseller since its launch during June 2017, introduced the new “Rider’s lock” signature.

#### 2) Retail, Digital and Omni-channel enhancement

Retail sales (including Digital) were up 2% to £56.6 million for the period (2016: £55.4 million) with like-for-like sales down 1%. The UK Retail business saw an increase in tourist spending in London whilst domestic demand slowed. International Retail sales were up 8% with strategic locations showing an encouraging performance on new products whilst portfolio development continues and includes the addition of stores in Hong Kong. Global Digital sales were up 3% to £10.7 million for the period (2016: £10.4 million), accounting for 14% of Group revenue (2016: 14%).

A focus on full price sales and new products, with lower markdown sales during June and July, has contributed to the increase in gross margin to 61.5% (2016: 59.1%).

The extension of the Omni-channel offering continues to be a key area of focus and investment. During the period, there were several enhancements including the addition of new payment methods.

There were 66 directly operated stores at the end of the period (2016: 67 stores). The main focus during the period was on enhancing and expanding the international store network in Hong Kong, China and Japan:

- Hong Kong: The store in Harbour City has been relocated and a pop-up store has been opened in IFC.
- China: A new store in Shanghai Plaza 66 has been opened and the store in Beijing China World will be relocated in early 2018.

#### 3) Selective Wholesale

Wholesale revenue, comprising sales to partner stores and selective multi-brand wholesale accounts, decreased 6% to £18.0 million (2016: £19.1 million). The franchise store network at the period end had a total of 55 stores in Asia, Europe and the Middle East (2016: 55 stores). Two stores were acquired by Mulberry Asia and transferred from franchise stores to directly operated stores in the Group’s own Retail store portfolio.

During the period, Mulberry and OGF have collaborated on the transfer of one existing store to Mulberry Japan and the opening of three stores in Tokyo Ginza, Kyoto and Nagoya. One further store has been opened after the end of the period in Osaka.

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	26 weeks to 30-Sep 2016 (£ million)	26 weeks to 30-Sep 2017 (£ million)	Total change (this year vs last year)	Like-for-like** change (this year vs last year)
UK Retail Sales*	45.0	45.3	+1%	-1%
International Retail Sales*	10.4	11.3	+8%	-3%
<b>Group Retail Sales</b>	<b>55.4</b>	<b>56.6</b>	<b>+2%</b>	<b>-1%</b>
Wholesale Sales	19.1	18.0	-6%	n/a
<b>Group Total Sales</b>	<b>74.5</b>	<b>74.6</b>	<b>+0%</b>	<b>n/a</b>

\* Regional splits include Digital sales

\*\* LFL is defined as the year-on-year change in sales from stores which have been trading for 12 months from the store opening date

## Financial

Gross margin for the six months to 30 September 2017 increased to 61.5% (2016: 59.1%) due to a focus on full price and lower markdown sales.

Operating expenses (net) for the six months increased to £46.6 million (2016: £44.6 million) reflecting a higher level of investment in marketing (£0.8 million) and the Retail network (£1.5 million), which were partly offset by savings elsewhere.

The Group's cash balances increased to £16.4 million as at 30 September 2017 (2016: £11.3 million). The Group had no debt as at 30 September 2017.

Operating performance was in line with the prior year with a loss before tax of £0.6 million (2016: £0.5 million).

Capital expenditure for the period was £2.1 million, including £1.3 million on stores (including Digital), £0.4 million on IT systems and £0.4 million on factories.

Inventories increased to £45.8 million at 30 September 2017 (2016: £43.7 million) reflecting the absorption of the Asian businesses and the introduction of new products.

## CURRENT TRADING AND OUTLOOK

### Sales

Like-for-like Retail sales (including Digital) were up 1% for the 10 weeks to 2 December 2017. In the UK, like-for-like sales were down 1% reflecting a continued increase in tourist spending in London whilst domestic demand has been slower. International like-for-like sales were up by 12% during the 10 week period and continue to show an encouraging response to the new collections.

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This year vs. last year (%)	Retail like-for-like sales		Retail total sales	
	26 weeks to 30-Sep 2017	10 weeks to 2-Dec 2017	26 weeks to 30-Sep 2017	10 weeks to 2-Dec 2017
UK Retail*	-1%	-1%	+1%	0%
International Retail*	-3%	+12%	+8%	+25%
Group Retail total	-1%	+1%	+2%	+4%

\* Regional splits include Digital sales

Digital sales increased by 3% in the 26 weeks to 30 September 2017 and increased by 9% in the 10 weeks to 2 December 2017

## International

The Group will continue to focus on advancing its international development strategy during the current financial year with increased distribution and marketing investments planned.

As announced on 7 July 2017, the Group agreed with OGF to form a new venture to operate the Group's business in Japan. Since the beginning of the financial year, five stores have been established in key locations (Tokyo, Kyoto, Nagoya and Osaka) and enhanced marketing activities have commenced.

Mulberry and OGF signed the shareholder agreement on 4 December 2017 to form a new entity, Mulberry Japan Co. Limited ("Mulberry Japan") and have invested a total of £2.8 million (¥400 million) in equal proportion in the new entity's share capital to provide funds to develop the distribution network and build the brand's presence in Japan. The transfer of assets and stores to Mulberry Japan is expected to be completed by the end of the current financial year. Mulberry Japan is headquartered in Tokyo.

Following the recent completion of legal process in Taiwan, Mulberry Asia acquired one store during October 2017, which has joined the Group's retail store portfolio. The Group anticipates the acquisition of the three China stores by the end of the current financial year. This will reduce the Group's Wholesale revenue and increase Retail revenue during the second half of the financial year.

In Europe and North America, the Group continues to focus on improving productivity in existing stores, with limited new store openings and strategic refinement of the store network, as opportunities arise, coupled with further omni-channel enhancements.

## Omni-channel

The Group has introduced further enhancements to its Digital and omni-channel offering and will continue to invest in this area going forward. During the second half of the current financial year, investment continues to focus on further enhancing the customer experience, with recently introduced initiatives including the launch of gift cards in the UK, the ability to make store stock accessible to digital customers, the localisation of other mulberry.com sites in key international markets and the introduction of same day delivery across London and same day click and collect in UK standalone stores. The launch of the first seasonal customer event is planned during February 2018.

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## Capital expenditure

A new design concept for the Group's stores is being developed. This will lead to increased capital expenditure as it is rolled out. This is expected to commence during 2018.

Capital expenditure for the full year ending 31 March 2018 is expected to be in the region of £7.5 million (2017: £5.3 million), of which the majority will be on stores.

## **STRATEGY**

The Board's long term objective is to grow Mulberry as a global luxury brand, offering unique and desirable product at the best value for price, and thereby create shareholder value. The Group considers that revenue growth is the key performance indicator with which this goal can be measured.

## Product

Innovation and creativity are central to the Group's customer-led product strategy which focuses on anticipating the evolving needs of its existing and aspirational customers. This is supported by the Group's integrated marketing approach which aims to drive engagement and relevance with its customers.

Leather goods are the core commercial focus, with the intention to continue to develop and build on recent strong launches with a continued refinement and enhancement of core and new ranges. This approach includes a steady pace of evolution of key icons as well as the introduction of new signatures. An example of this is the "Rider's lock", which was recently launched as a key feature of the new Amberley bag range.

Over the longer term, the objective is to reinforce Mulberry as a lifestyle brand by strengthening complementary categories to its core leather goods ranges. The key focus categories are footwear, ready-to-wear, soft accessories and jewellery. As part of the initiative to further develop these relatively new categories, the Group will continue to invest in targeted product development and marketing.

## Marketing and Brand

Mulberry continues to invest in building the brand globally via a dynamic marketing and communication strategy, aiming to engage with new and loyal customers, whilst enhancing the understanding of the brand in new and emerging markets. The Group aims to engage with customers across all touch points via an integrated marketing approach coupling traditional events and press formats with extensive use of digital, mobile and social media. Digital continues to take the highest share of all media investment.

To reinforce its customer-centric business strategy and enhance the customer experience, the Group recently announced it is evolving the format of its seasonal collection launches. The Group held previews of its Spring Summer 2018 collection to international press and buyers in Paris. The collection will be unveiled during London Fashion Week during February 2018 to offer an instantly shoppable, real-time global consumer experience. The shift will enable the Group to continue to drive engagement and increase relevance with its customers.

The Group continues to develop its Somerset-based customer service operations, including further investment in aftercare and lifetime service.

## Retail, Digital and Omni-channel

The Group will continue to strengthen its position in the UK and expand internationally through its omni-channel strategy, with well situated stores complemented by a strong digital presence. The penetration of omni-channel is expected to grow in the UK, Europe and North America, through continued enhancements of the offering.

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The Group also plans to introduce omni-channel services to newly controlled territories, including China, Hong Kong and Australia.

In the short to medium term, the Group plans to continue to strategically refine and enhance the store network, while focusing upon improving the range of omni-channel services to match rapidly evolving customer buying behaviour.

## Operations

The Group continues to invest in its operational capability to maintain a high quality, scalable platform.

The Group's two factories in Somerset manufacture approximately 50% of its bags, reinforcing the authenticity of the Mulberry brand and, at a practical level, contributing to the attainment of high product quality standards. Looking forward, the Group is committed to its "Made in England" strategy and intends to maintain its UK production of handbags at approximately 50%. A specialist Artisan Studio has been created within one of the Somerset factories, showcasing the Group's distinctive British craftsmanship on special and limited edition products.

As part of the strategic goal of best-in-class service to our customers, the Group will continue to invest in IT and Digital infrastructure and orientate organisational structures around the customer.

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## CONSOLIDATED INCOME STATEMENT SIX MONTHS ENDED 30 SEPTEMBER 2017

	Note	Unaudited six months to 30 September 2017 £'000	Unaudited six months to 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
Revenue		74,576	74,505	168,121
Cost of sales		(28,678)	(30,506)	(64,535)
<b>Gross profit</b>		<b>45,898</b>	<b>43,999</b>	<b>103,586</b>
Operating expenses		(46,817)	(44,877)	(96,961)
Other operating income		245	237	482
<b>Operating (loss)/profit</b>		<b>(674)</b>	<b>(641)</b>	<b>7,107</b>
Share of results of associates		60	61	148
Finance income		12	66	295
Finance expense		(7)	(1)	(17)
<b>(Loss)/profit before tax</b>		<b>(609)</b>	<b>(515)</b>	<b>7,533</b>
Tax credit/(charge)	4	261	173	(2,543)
<b>(Loss)/profit for the period</b>		<b>(348)</b>	<b>(342)</b>	<b>4,990</b>
Attributable to:				
Equity holders of the parent		382	(342)	5,338
Non-controlling interests		(730)	-	(348)
<b>(Loss)/profit for the period</b>		<b>(348)</b>	<b>(342)</b>	<b>4,990</b>
Basic (loss)/earnings per share	6	(0.6p)	(0.6p)	8.4p
Diluted (loss)/earnings per share	6	(0.6p)	(0.6p)	8.4p

All activities arise from continuing operations.

### Reconciliation of adjusted (loss)/profit before tax:

		Unaudited six months to 30 September 2017 £'000	Unaudited six months to 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
(Loss)/profit before tax		(609)	(342)	7,533
Exceptional items:				
Impairment relating to retail assets		-	-	1,087
<b>Adjusted (loss)/profit before tax – non-GAAP measure</b>		<b>(609)</b>	<b>(515)</b>	<b>8,620</b>
Adjusted basic (loss)/earnings per share	6	(0.6p)	(0.6p)	10.2p
Adjusted diluted (loss)/earnings per share	6	(0.6p)	(0.6p)	10.2p

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME SIX MONTHS ENDED 30 SEPTEMBER 2017

	Unaudited six months to 30 September 2017 £'000	Unaudited six months to 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
(Loss)/profit for the period	(348)	(342)	4,990
Items that may be reclassified subsequently to profit or loss;			
Exchange differences on translation of foreign operations	31	1,656	1,803
Losses on a hedge of a net investment taken to equity	35	-	(5)
Income tax relating to items that may be reclassified subsequently to profit or loss	(12)	(331)	(361)
<b>Total comprehensive income/(expense) for the period</b>	<b>(294)</b>	<b>983</b>	<b>6,427</b>
Attributable to:			
Equity holders of the parent	436	983	6,775
Non-controlling interests	(730)	-	(348)
	<b>(294)</b>	<b>983</b>	<b>6,427</b>



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## CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2017

	Unaudited 30 September 2017 £'000	Unaudited 30 September 2016 £'000	Audited 31 March 2017 £'000
Non-current assets			
Intangible assets	10,567	11,027	10,833
Property, plant and equipment	22,571	26,812	24,136
Interests in associates	234	266	198
Deferred tax asset	1,568	1,443	1,500
	34,940	39,548	36,667
Current assets			
Inventories	45,771	43,749	42,822
Trade and other receivables	16,861	13,620	14,667
Current tax asset	727	226	-
Cash and cash equivalents	16,367	11,332	21,093
	79,726	68,927	78,584
<b>Total assets</b>	<b>114,666</b>	<b>108,475</b>	<b>115,251</b>
Current liabilities			
Trade and other payables	(29,275)	(27,348)	(28,350)
Current tax liabilities	-	-	(1,257)
<b>Total liabilities</b>	<b>(29,275)</b>	<b>(27,348)</b>	<b>(29,607)</b>
<b>Net assets</b>	<b>85,391</b>	<b>81,127</b>	<b>85,644</b>
Equity			
Share capital	3,001	3,000	3,000
Share premium account	11,961	11,961	11,961
Own share reserve	(1,396)	(1,474)	(1,461)
Capital redemption reserve	154	154	154
Cashflow hedge reserve	24	-	(5)
Foreign exchange reserve	1,088	946	1,063
Retained earnings	70,384	66,540	69,957
<b>Equity attributable to holders of the parent</b>	<b>85,216</b>	<b>81,127</b>	<b>84,669</b>
Non-controlling interests	175	-	975
<b>Total equity</b>	<b>85,391</b>	<b>81,127</b>	<b>85,644</b>

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY SIX MONTHS ENDED 30 SEPTEMBER 2017

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital re- demption reserve £'000	Cashflow hedge reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
As at 1 April 2016	3,000	11,961	(1,474)	154	-	(379)	66,654	79,916	-	79,916
Loss for the period	-	-	-	-	-	-	(342)	(342)	-	(342)
Other comprehensive income for the period	-	-	-	-	-	1,325	-	1,325	-	1,325
Total comprehensive (expense)/income for the period	-	-	-	-	-	1,325	(342)	983	-	983
Charge for employee share-based payments	-	-	-	-	-	-	346	346	-	346
Exercise of share options	-	-	-	-	-	-	(118)	(118)	-	(118)
As at 30 September 2016	3,000	11,961	(1,474)	154	-	946	66,540	81,127	-	81,127
Profit for the period	-	-	-	-	-	-	5,332	5,332	-	5,332
Other comprehensive (expense)/income for the period	-	-	-	-	(5)	117	-	112	-	112
Total comprehensive (expense)/income for the period	-	-	-	-	(5)	117	5,332	5,444	-	5,444
Charge for employee share-based payments	-	-	-	-	-	-	740	740	-	740
Exercise of share options	-	-	-	-	-	-	(35)	(35)	-	(35)
Own shares	-	-	13	-	-	-	-	13	-	13
Adjustments arising from movement in non- controlling interest	-	-	-	-	-	-	348	348	975	1,323
Dividends paid	-	-	-	-	-	-	(2,968)	(2,968)	-	(2,968)
As at 31 March 2017	3,000	11,961	(1,461)	154	(5)	1,063	69,957	84,669	975	85,644
Loss for the period	-	-	-	-	-	-	(348)	(348)	-	(348)
Other comprehensive income for the period	-	-	-	-	29	25	-	54	-	54
Total comprehensive income/(expense) for the period	-	-	-	-	29	25	(348)	(294)	-	(294)
Issue of share capital	1	-	-	-	-	-	-	1	-	1
Charge for employee share-based payments	-	-	-	-	-	-	493	493	-	493
Exercise of share options	-	-	-	-	-	-	(448)	(448)	-	(448)
Own shares	-	-	65	-	-	-	-	65	-	65
Adjustments arising from movement in non- controlling interest	-	-	-	-	-	-	730	730	(800)	(70)
Dividends paid	-	-	-	-	-	-	-	-	-	-
As at 30 September 2017	3,001	11,961	(1,396)	154	24	1,088	70,384	85,216	175	85,391

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## CONSOLIDATED CASH FLOW STATEMENT SIX MONTHS ENDED 30 SEPTEMBER 2017

	Unaudited six months to 30 September 2017 £'000	Unaudited six months to 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
Operating (loss)/profit for the period	(674)	(641)	7,107
Adjustments for:			
Depreciation and impairment of property, plant and equipment	3,060	3,477	8,763
Amortisation of intangible assets	879	937	1,852
(Profit)/Loss on sale of property, plant and equipment	(2)	131	325
Share-based payments charge	493	346	1,086
Operating cash flows before movements in working capital	3,756	4,250	19,133
(Increase)/(decrease) in inventories	(3,013)	1,245	2,344
(Increase)/decrease in receivables	(2,278)	(2,649)	(2,326)
Increase/(decrease) in payables	1,318	(545)	168
Cash (used in)/generated by operations	(217)	2,301	19,319
Income taxes paid	(1,803)	(2,702)	(4,021)
Interest paid	(7)	(1)	(17)
Net cash (outflow)/inflow from operating activities	(2,027)	(402)	15,281
Investing activities:			
Interest received	12	3	232
Dividend received from associate	-	-	195
Purchases of property, plant and equipment	(1,640)	(1,881)	(4,409)
Proceeds from disposal of property, plant and equipment	22	43	40
Acquisition of intangible fixed assets	(442)	(309)	(962)
Net cash (used in)/generated from investing activities	(2,048)	(2,144)	(4,904)
Financing activities:			
Dividends paid	-	-	(2,968)
Proceeds on issue of shares	1	-	-
Settlement of share awards	(448)	(118)	(153)
Net cash used in financing activities	(447)	(118)	(3,121)
Net (decrease)/increase in cash and cash equivalents	(4,522)	(2,664)	7,256
Cash and cash equivalents at beginning of period	21,093	14,014	14,014
Effect of foreign exchange rate changes	(204)	(18)	(177)
Cash and cash equivalents at end of period	16,367	11,332	21,093

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## NOTES TO THE CONDENSED FINANCIAL STATEMENTS SIX MONTHS ENDED 30 SEPTEMBER 2017

### 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 2017 (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 2017 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 2017, 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 2017.

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;
- IFRS 15: Revenue from Contracts with Customers;
- IFRS 16: Leases;
- IFRS 2 (amendments);
- IFRS 7 (amendments); and
- IAS 12 (amendments).

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It replaces IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.

The most significant changes are in relation to lessee accounting. Under the new Standard, the concept of assessing a lease contract as either operating or financing is replaced by a single lessee accounting model. Under this new model, substantially all lease contracts will result in a lessee acquiring a right-to-use asset and obtaining financing. The lessee will be required to recognise a corresponding asset and liability. The asset will be depreciated over the term of the lease and the interest on the financing liability will be charged over the same period. The Standard is effective for annual periods beginning on or after 1 January 2019, however it is not currently endorsed by the European Union. Adopting this new Standard will result in a fundamental change to the Group's balance sheet, with right-to-use assets and accompanying financing liabilities for the Group's retail stores, warehouses and offices being recognised for the first time. The income statement will also be impacted, with rent expense relating to operating leases being replaced by a depreciation charge arising from the right-to-use assets and interest charges arising from lease financing. The full impact of these changes will be quantified closer to the date of adoption.

Except for IFRS 16, the Directors do not expect that the adoption of these Standards 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.

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The Annual Report and Financial Statements are available from the Group's website ([www.mulberry.com](http://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.

## 4. TAXATION

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

## 5. DIVIDEND

	Unaudited six months to 30 September 2017 £'000	Unaudited six months to 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
Dividend of 5p per ordinary share paid during the period	-	-	2,968

The final dividend for the year ended 31 March 2017 was paid to shareholders on 23 November 2017.  
The final dividend for the year ended 31 March 2016 was paid on 24 November 2016.

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## 6. EARNINGS PER SHARE ('EPS')

	Unaudited six months to 30 September 2017	Unaudited six months to 30 September 2016	Audited year ended 31 March 2017
Basic (loss)/earnings per share	(0.6p)	(0.6p)	8.4p
Diluted (loss)/earnings per share	(0.6p)	(0.6p)	8.4p
Adjusted basic (loss)/earnings per share	(0.6p)	(0.6p)	10.2p
Adjusted diluted (loss)/earnings per share	(0.6p)	(0.6p)	10.2p

Earnings per share is calculated based on the following data:

	Unaudited six months to 30 September 2017 £'000	Unaudited six months to 30 September 2016 £'000	Audited year ended 31 March 2017 £'000
(Loss)/profit for the period for basic and diluted earnings per share	(348)	(342)	4,990
Adjustments to exclude exceptional items:			
Impairment relating to retail assets	-	-	1,087
Adjusted (loss)/profit for the period for basic and diluted earnings per share	(348)	(342)	6,077

	Unaudited six months to 30 September 2017 Million	Unaudited six months to 30 September 2016 Million	Audited year ended 31 March 2017 Million
Weighted average number of ordinary shares for the purpose of basic EPS	59.4	59.4	59.4
Effect of dilutive potential ordinary shares: share options	0.1	0.5	0.1
Weighted average number of ordinary shares for the purpose of diluted EPS	59.5	59.9	59.5

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