MULBERRY

MULBERRY GROUP PLC INTERIM STATEMENT
HALF YEAR TO 30 SEPTEMBER 2008

BAYSWATER CLUTCHES

HIGHLIGHTS

- Sales increased by 29% to £27.8 million (30 September 2007: £21.5 million)
- Profit before tax increased by 6% to £1.33 million (30 September 2007: £1.25 million) despite significant investment in the business
- UK retail sales up 21%, like-for-like sales up 5%
- Shipments to third parties up by more than 40%

OUTLOOK

- UK retail sales down 1% for the 10 weeks to 6 December 2008, like-for-like sales down 12%
- Spring/Summer 2009 wholesale order books up by more than 15% compared to the same period last year

	2008	*2007*	*Change*
Group revenue	£27.8m	£21.5m	29%
Profit before tax	£1.33m	£1.25m	6%
Basic EPS	1.6p	1.4p	14%
Cash net of bank borrowings	£2.6m	£7.6m	(66%)

CHAIRMAN'S STATEMENT

The Group has performed strongly during the first six months of the year, however the outlook has become more challenging.

Sales increased 29% to £27.8 million (2007: £21.5 million) and the gross profit margin improved to 57.7% compared to 57.4% in 2007.

Net operating expenses for the period increased by £3.6 million to £14.9 million (2007: £11.3 million). The two most significant elements of this increase were £1.3 million of additional costs directly related to the expansion of the UK retail network and £0.5 million of additional marketing investment to build the Mulberry brand internationally.

Profit before tax has increased from £1.25 million in 2007 to £1.33 million in 2008.

The Group balance sheet remains strong with no debt following the repayment of a medium term loan of £1.25 million during February 2008. The increase in stock of £4.0 million from 31 March 2008 reflects both the growth in our business and the fact that there has been a build up prior to scheduled deliveries for the 2008 Christmas period.

BUSINESS REVIEW

Sales for the six months to 30 September 2008 started extremely strongly and remained robust as evidenced by our results. However, there were clear signs that consumers were being affected by the adverse economic climate as we reached the end of the period.

Accessories remain our core business and continue to account for over 90% of Group sales. The design team have been successful in broadening our product offer to meet the specific requirements of the USA, Asia and the Middle East. Shipments to third parties, including our international distributors, increased by more than 40% during the period.

We continued expanding our own retail network in the UK. During the period we opened a new shop in Leeds, completed the refurbishment of our original shop in St Christopher's Place, London and opened two further department store concessions.

For the six months to 30 September 2008, sales from our UK shops which benefited from the full-year trading of the shops opened last year and the new openings this year, increased by 21% and like-for-like sales for the same period increased by 5%.

Sales through our website, mulberry.com, continue to grow strongly and now account for 4% of Group sales. In addition to being a profitable and growing sales channel, the web is a key marketing tool for the business. We are developing a large customer database and a growing number of those visiting our shops have researched online beforehand.

In the USA, the shops have started their second year of operations. The business is still at a very early stage of development and we continue to evaluate the best way to expand in this market.

Elsewhere, our partners opened stores in Shanghai, Copenhagen Airport and an additional department store shop-in-shop in Korea.

CURRENT TRADING AND OUTLOOK

The slowdown in consumer demand experienced during the last weeks of September 2008 has continued. It is clear that the economic climate is having an adverse impact on the buying behaviour of our customers.

CHAIRMAN'S STATEMENT
(continued)

The most immediate effect of this has been seen within our UK retail business, where overall sales are down by 1% for the first 10 weeks of the second half (like-for-like sales are down 12%).

In contrast, the confirmed third party order book for Spring/Summer 2009 is more than 15% ahead of the same time last year. This is due to increased market penetration and new shop openings by our partners. It is clear however, that trading conditions in all markets are being affected by the difficult economic environment.

During the first half of the year we experienced a significant increase in raw material costs. Recently, this trend has reversed, but has been more than compensated for by the weakness of Sterling. It is likely therefore that there will be margin pressure going forwards.

Our financial performance for the year ending 31 March 2009 is expected to fall short of that achieved last year and below current market expectations. This is a result of the slowdown in consumer demand and in our strategy of continuing to invest in product development and marketing internationally. We believe that this continued investment in the brand is the key to market share and building future value.

The expansion of our retail business in the UK is largely complete following the opening of a new store in the luxury mall development at Westfield, West London during October 2008.

Our new distributor in Greece is due to open a shop in Athens in December. In Korea, our partner, SHK, opened a new department store shop-in-shop at the beginning of November, bringing their total to six.

In the Middle East, our partners opened a new shop in Dubai during November. This will be followed by shop openings in Kuwait before the end of the financial year and in Jeddah and Qatar planned for next year.

Our partner in the USA closed underperforming stores in Atlantic City and Manhasset, Long Island during November. We launched the US version of mulberry.com at the end of October. The success of this project will have a major bearing on how we decide to proceed in this market.

Christmas trading is an important contributor to turnover and profit as are the January sales. With forecasters continuing to project a global downturn the outcome for the year will necessarily be impacted by trading in the weeks ahead.

DIVIDENDS

The full year dividend of 2.0 pence per ordinary share was paid on 15 August 2008. In line with prior years, the Board is not recommending the payment of an interim dividend.

STAFF

As always, I would like to take this opportunity to thank all of our staff and our partners for their enthusiasm and commitment to Mulberry and its strategy. The significant achievements of the last six months would not have been possible without them.

Godfrey Davis
Chairman and Chief Executive

11 December 2008

CONSOLIDATED INCOME STATEMENT

For the six months to 30 September 2008

	Note	*Unaudited six months 30 Sept 2008 £'000*	*Unaudited six months 30 Sept 2007 £'000*	*Audited year ended 31 March 2008 £'000*
Revenue		27,779	21,517	51,174
Cost of sales		(11,762)	(9,164)	(20,622)
Gross profit		16,017	12,353	30,552
Administrative expenses		(14,961)	(11,264)	(25,979)
Other operating income		103	–	201
Operating profit		1,159	1,089	4,774
Share of results of associates		2	1	63
Finance income		179	226	473
Finance expense		(12)	(62)	(124)
Profit before tax		1,328	1,254	5,186
Tax	3	(435)	(439)	(1,750)
Profit for the period	5	893	815	3,436
Attributable to:				
Equity holders of the parent		893	815	3,436
		pence	*pence*	*pence*
Basic earnings per share	4	1.6	1.4	6.0
Diluted earnings per share	4	1.5	1.4	6.0

All activities arise from continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the six months to 30 September 2008

	Unaudited six months 30 Sept 2008 £'000	*Unaudited six months 30 Sept 2007 £'000*	*Audited year ended 31 March 2008 £'000*
Net profit for the period	893	815	3,436
Exchange differences on translation of foreign operations	22	79	309
Total recognised income and expense for the period	915	894	3,745
Attributable to:			
Equity holders of the parent	915	894	3,745

CONSOLIDATED BALANCE SHEET

At 30 September 2008

	Note	*Unaudited 30 Sept 2008 £'000*	*Unaudited 30 Sept 2007 £'000*	*Audited 31 March 2008 £'000*
Non-current assets				
Intangible assets		2,032	1,872	2,095
Property, plant and equipment		9,221	7,789	8,454
Interests in associates		246	164	242
Deferred tax asset		6	151	–
		11,505	9,976	10,791
Current assets				
Inventories		11,834	7,085	7,785
Trade and other receivables		7,437	5,828	5,548
Cash and cash equivalents		2,636	7,609	10,237
		21,907	20,522	23,570
Total assets		33,412	30,498	34,361
Current liabilities				
Trade and other payables		(10,646)	(9,013)	(10,894)
Current tax liabilities		(439)	(409)	(917)
Obligations under finance leases		–	(25)	(10)
Bank loans and overdrafts		–	(120)	–
		(11,085)	(9,567)	(11,821)
Non-current liabilities				
Borrowings		–	(1,130)	–
Deferred tax liabilities		–	(158)	(17)
Obligations under finance leases		–	(20)	(4)
		–	(1,308)	(21)
Total liabilities		(11,085)	(10,875)	(11,842)
Net assets		22,327	19,623	22,519
Equity				
Share capital		2,871	2,871	2,871
Share premium account		7,007	7,007	7,007
Own shares		(49)	–	–
Revaluation reserves		3	33	18
Capital redemption reserve		154	154	154
Special reserve		1,467	1,467	1,467
Foreign exchange reserve		237	(15)	215
Retained earnings		10,637	8,106	10,787
Total equity	5	22,327	19,623	22,519

CONSOLIDATED CASH FLOW STATEMENT

For the six months to 30 September 2008

	Unaudited six months 30 Sept 2008 £'000	*Unaudited six months 30 Sept 2007 £'000*	*Audited year ended 31 March 2008 £'000*
Operating profit for the period	1,159	1,089	4,774
Adjustments for:			
Depreciation of property, plant and equipment	710	614	1,231
Amortisation of intangible assets	111	–	137
Loss on sale of property, plant and equipment	–	–	12
Effects of foreign exchange	16	–	(61)
Share based payments charge/(credit)	90	(49)	(5)
Operating cash flows before movements in working capital	2,086	1,654	6,088
Increase in stocks	(4,049)	(397)	(1,097)
Increase in debtors	(1,889)	(1,958)	(1,679)
(Decrease)/increase in creditors	(229)	1,987	2,772
Cash generated by operations	(4,081)	1,286	6,084
Corporation taxes paid	(936)	(890)	(1,685)
Interest paid	(11)	(54)	(121)
Preference dividends paid	–	(56)	(56)
Net cash (used in)/from operating activities	(5,028)	286	4,222
Investing activities:			
Interest received	179	226	473
Purchases of property, plant and equipment	(1,477)	(2,505)	(2,418)
Proceeds from sale of property, plant and equipment	–	–	32
Acquisition of intangible fixed assets	(64)	–	(389)
Net cash used in investing activities	(1,362)	(2,279)	(2,302)
Financing activities:			
Dividends paid	(1,148)	(861)	(861)
Repayments of borrowings	–	–	(1,250)
Repayments of obligations under finance leases	(14)	(15)	(50)
Proceeds on issue of shares	–	207	207
Acquisition of own shares	(49)	–	–
Net cash used in financing activities	(1,211)	(669)	(1,954)
Net decrease in cash and cash equivalents	(7,601)	(2,662)	(34)
Cash and cash equivalents at beginning of period	10,237	10,271	10,271
Cash and cash equivalents at end of period	2,636	7,609	10,237

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months to 30 September 2008

1. General information

Mulberry Group plc is a company incorporated in the United Kingdom under the Companies Act 1985. The half-year results and condensed consolidated financial statements for the six months ended 30 September 2008 (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 2008 contained in these interim financial statements do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 March 2008 has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The interim financial statements for the six months ended 30 September 2008, 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 2008. These are available from the Group's website (www.mulberrygroupplc.com) or from the Company Secretary at the Company's registered office, The Rookery, Chilcompton, Bath, England, BA3 4EH.

3. Taxation

The tax charge is calculated by applying the forecast full year effective tax rate to the interim profit.

4. Earnings per share

Basic earnings per ordinary share have been calculated by dividing the profit for the period by 57,419,505 (30 September 2007: 56,517,046, 31 March 2008: 56,968,275) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share have been calculated by dividing the profit for the period excluding the interest and finance costs relating to the preference shares by 58,545,838 (30 September 2007: 56,707,752, 31 March 2008: 57,832,347) potential ordinary shares. These shares take into account the exercise of dilutive unexercised options and the dilutive impact of the preference shares prior to their conversion in April 2007.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(continued)

5. Reserves

	Share capital £'000	Share premium £'000	Own shares £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Foreign exchange reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2008	2,871	7,007	–	18	154	1,467	215	10,787	22,519
Charges for employee share based payments	–	–	–	–	–	–	–	90	90
Own shares	–	–	(49)	–	–	–	–	–	(49)
Amortisation of revaluation surplus	–	–	–	(15)	–	–	–	15	–
Currency translation difference	–	–	–	–	–	–	22	–	22
Profit for the year	–	–	–	–	–	–	–	893	893
Ordinary dividends paid	–	–	–	–	–	–	–	(1,148)	(1,148)
Balance at 30 September 2008	2,871	7,007	(49)	3	154	1,467	237	10,637	22,327

BAYSWATER

MULBERRY GROUP PLC THE ROOKERY CHILCOMPTON SOMERSET BA3 4EH
T. 01761 234 500 F. 01761 234 555 MULBERRYGROUPPLC.COM MULBERRY.COM