5. Reserves

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Share premium</th>
<th>Own shares</th>
<th>Revaluation reserve</th>
<th>Capital redemption reserve</th>
<th>Special reserve</th>
<th>Foreign exchange reserve</th>
<th>Profit and loss reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
</tbody>
</table>

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group revenue</td>
<td>£27.8m</td>
<td>£21.5m</td>
<td>29%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>£1.33m</td>
<td>£1.25m</td>
<td>6%</td>
</tr>
<tr>
<td>Basic EPS</td>
<td>1.6p</td>
<td>1.4p</td>
<td>14%</td>
</tr>
<tr>
<td>Cash net of bank borrowings</td>
<td>£2.6m</td>
<td>£7.6m</td>
<td>(66)%</td>
</tr>
</tbody>
</table>
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.

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.
CONSOLIDATED CASH FLOW STATEMENT
For the six months to 30 September 2008

<table>
<thead>
<tr>
<th>Unaudited six months</th>
<th>Unaudited six months</th>
<th>Audited year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
</tbody>
</table>

Operating profit for the period
1,159

Adjustments for:
- Depreciation of property, plant and equipment: 710
- Amortisation of intangible assets: 111
- Loss on sale of property, plant and equipment: 16
- Effects of foreign exchange: 16
- Share based payments charge/(credit): 90

---

Operating cash flows before movements in working capital
2,086

Increase in stocks
(4,049)

Increase in debtors
(1,889)

(Decrease)/increase in creditors
(229)

Cash generated by operations
(4,081)

Corporation taxes paid
(936)

Interest paid
(11)

Preference dividends paid
–

Net cash used in investing activities
(1,362)

Interest received
179

Purchases of property, plant and equipment
(1,477)

Proceeds from sale of property, plant and equipment
–

Acquisition of intangible fixed assets
(64)

Net cash used in investing activities
(1,362)

Financing activities:
Dividends paid
(1,148)

Repayments of borrowings
–

Repayments of obligations under finance leases
(14)

Proceeds on issue of shares
–

Acquisition of own shares
(49)

Net cash used in financing activities
(1,211)

Net decrease in cash and cash equivalents
(7,601)

Cash and cash equivalents at beginning of period
10,237

Cash and cash equivalents at end of period
2,636

---

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

<table>
<thead>
<tr>
<th>Note</th>
<th>Unaudited six months 30 Sept 2008 £'000</th>
<th>Unaudited six months 30 Sept 2007 £'000</th>
<th>Audited year ended 31 March 2008 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>27,779</td>
<td>21,517</td>
<td>51,174</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(11,762)</td>
<td>(9,164)</td>
<td>(20,622)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>16,017</td>
<td>12,353</td>
<td>30,552</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(14,961)</td>
<td>(11,264)</td>
<td>(25,979)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,159</td>
<td>1,089</td>
<td>4,774</td>
</tr>
<tr>
<td>Share of results of associates</td>
<td>2</td>
<td>1</td>
<td>63</td>
</tr>
<tr>
<td>Finance income</td>
<td>179</td>
<td>226</td>
<td>473</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(12)</td>
<td>(62)</td>
<td>(124)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,328</td>
<td>1,254</td>
<td>5,186</td>
</tr>
<tr>
<td>Tax</td>
<td>3</td>
<td>(435)</td>
<td>(439)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>5</td>
<td>893</td>
<td>815</td>
</tr>
</tbody>
</table>

Attributable to:
- Equity holders of the parent | 893 | 815 | 3,436 |

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 INCOME STATEMENT
For the six months to 30 September 2008

<table>
<thead>
<tr>
<th>Note</th>
<th>Unaudited six months 30 Sept 2008 £'000</th>
<th>Unaudited six months 30 Sept 2007 £'000</th>
<th>Audited year ended 31 March 2008 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>2,032</td>
<td>1,872</td>
<td>2,095</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>9,221</td>
<td>7,789</td>
<td>8,454</td>
</tr>
<tr>
<td>Interests in associates</td>
<td>246</td>
<td>164</td>
<td>242</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>6</td>
<td>151</td>
<td>–</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>11,834</td>
<td>7,085</td>
<td>7,785</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>7,437</td>
<td>5,828</td>
<td>5,548</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,636</td>
<td>7,609</td>
<td>10,237</td>
</tr>
<tr>
<td>Total assets</td>
<td>33,412</td>
<td>30,498</td>
<td>34,361</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(10,646)</td>
<td>(9,013)</td>
<td>(10,894)</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>(439)</td>
<td>(409)</td>
<td>(917)</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>–</td>
<td>(25)</td>
<td>(10)</td>
</tr>
<tr>
<td>Bank loans and overdrafts</td>
<td>–</td>
<td>(120)</td>
<td>–</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>(11,085)</td>
<td>(9,567)</td>
<td>(11,821)</td>
</tr>
<tr>
<td>Total assets</td>
<td>21,907</td>
<td>20,522</td>
<td>23,570</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>33,412</td>
<td>30,498</td>
<td>34,361</td>
</tr>
</tbody>
</table>

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the six months to 30 September 2008

<table>
<thead>
<tr>
<th>Note</th>
<th>Unaudited six months 30 Sept 2008 £'000</th>
<th>Unaudited six months 30 Sept 2007 £'000</th>
<th>Audited year ended 31 March 2008 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>4</td>
<td>1.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>4</td>
<td>1.5</td>
<td>1.4</td>
</tr>
</tbody>
</table>

All activities arise from continuing operations.
CONSOLIDATED BALANCE SHEET
At 30 September 2008

\[
\begin{array}{l}
\text{Unaudited} \\
\text{30 Sept 2008} \\
\text{£'000} \\
\hline
\text{Revenue} & 27,779 \\
\text{Cost of sales} & (11,762) \\
\hline
\text{Gross profit} & 16,017 \\
\text{Administrative expenses} & (14,961) \\
\text{Other operating income} & 103 \\
\hline
\text{Profit before tax} & 1,159 \\
\text{Tax} & (14,961) \\
\hline
\text{Profit for the period} & 1,254 \\
\text{Attributable to:} \\
\text{Equity holders of the parent} & 893 \\
\text{pence} & 815 \\
\text{pence} & 3,436 \\
\hline
\end{array}
\]

\[
\begin{array}{l}
\text{CONSOLIDATED INCOME STATEMENT} \\
\text{For the six months to 30 September 2008} \\
\text{Unaudited} \\
\text{six months} \\
\text{30 Sept 2008} \\
\text{Unaudited} \\
\text{six months} \\
\text{30 Sept 2007} \\
\text{Audited} \\
\text{year ended} \\
\text{31 March 2008} \\
\text{£'000} \\
\hline
\text{Revenue} & 27,779 \\
\text{Cost of sales} & (11,762) \\
\hline
\text{Gross profit} & 16,017 \\
\text{Operating profit} & (14,961) \\
\text{Other operating income} & 103 \\
\hline
\text{Profit before tax} & 1,159 \\
\text{Tax} & (14,961) \\
\hline
\text{Profit for the period} & 1,254 \\
\text{Attributable to:} \\
\text{Equity holders of the parent} & 893 \\
\text{pence} & 815 \\
\text{pence} & 3,436 \\
\hline
\end{array}
\]

\[
\begin{array}{l}
\text{CONSOLIDATED STATEMENT OF RECOGNISED} \\
\text{INCOME AND EXPENSE} \\
\text{For the six months to 30 September 2008} \\
\text{Unaudited} \\
\text{six months} \\
\text{30 Sept 2008} \\
\text{Unaudited} \\
\text{six months} \\
\text{30 Sept 2007} \\
\text{Audited} \\
\text{year ended} \\
\text{31 March 2008} \\
\text{£'000} \\
\hline
\text{Net profit for the period} & 893 \\
\text{Exchange differences on translation of} \\
\text{foreign operations} & 22 \\
\hline
\text{Total recognised income and expense} \\
\text{for the period} & 915 \\
\text{Attributable to:} \\
\text{Equity holders of the parent} & 915 \\
\hline
\end{array}
\]

\[
\begin{array}{l}
\text{CONSOLIDATED INCOME STATEMENT} \\
\text{For the six months to 30 September 2008} \\
\text{Unaudited} \\
\text{six months} \\
\text{30 Sept 2008} \\
\text{Unaudited} \\
\text{six months} \\
\text{30 Sept 2007} \\
\text{Audited} \\
\text{year ended} \\
\text{31 March 2008} \\
\text{£'000} \\
\hline
\text{Net profit for the period} & 893 \\
\text{Exchange differences on translation of} \\
\text{foreign operations} & 22 \\
\hline
\text{Total recognised income and expense} \\
\text{for the period} & 915 \\
\text{Attributable to:} \\
\text{Equity holders of the parent} & 915 \\
\hline
\end{array}
\]

All activities arise from continuing operations.
CONSOLIDATED CASH FLOW STATEMENT
For the six months to 30 September 2008

<table>
<thead>
<tr>
<th>Unaudited six months 30 Sept 2008 £’000</th>
<th>Unaudited six months 30 Sept 2007 £’000</th>
<th>Audited year ended 31 March 2008 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit for the period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,159</td>
<td>1,089</td>
<td>4,774</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjustments for:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>710</td>
<td>614</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>111</td>
<td>-</td>
</tr>
<tr>
<td>Loss on sale of property, plant and equipment</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Effects of foreign exchange</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>61</td>
</tr>
<tr>
<td>Share based payments charge/(credit)</td>
<td>90</td>
<td>(49)</td>
</tr>
</tbody>
</table>

| 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                           | (69)                                    | -                                    | -                                    |

| 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                               |

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.

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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
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.

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.mulberrycroupplc.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.
### 5. Reserves

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

#### Key Figures

<table>
<thead>
<tr>
<th>2008</th>
<th>2007</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group revenue</td>
<td>£27.8m</td>
<td>£21.5m</td>
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<tr>
<td>Profit before tax</td>
<td>£1.33m</td>
<td>£1.25m</td>
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<td>Basic EPS</td>
<td>1.6p</td>
<td>1.4p</td>
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<td>Cash net of bank borrowings</td>
<td>£2.6m</td>
<td>£7.6m</td>
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