



MULBERRY

MULBERRY GROUP PLC INTERIM STATEMENT
HALF YEAR TO 30 SEPTEMBER 2009



HIGHLIGHTS – MULBERRY DELIVERS SALES AND PROFITS GROWTH

- Total sales increased by 16% to £32.3 million (30 September 2008: £27.8 million)
- UK retail sales up 41%, like-for-like UK retail sales up 39%
- Operating profit increased by 28% to £1.5 million (30 September 2008: £1.2 million)
- Profit before tax increased by 16% to £1.5 million (30 September 2008: £1.3 million)
- The Group has cash of £4.3 million and no debt

OUTLOOK – FULL YEAR RESULTS EXPECTED TO SUBSTANTIALLY EXCEED CURRENT MARKET EXPECTATIONS

- UK retail sales up 47% for the 10 weeks to 5 December 2009, like-for-like up 46%
- Spring/Summer 2010 wholesale order books level compared to the same period last year
- Strong demand for new Alexa range of women's bags

	2009	2008	Change
Revenue	£32.3m	£27.8m	16%
Profit before tax	£1.5m	£1.3m	16%
Basic EPS	1.8p	1.6p	13%
Cash	£4.3m	£2.6m	65%

CHAIRMAN'S STATEMENT

The Group has continued to deliver sales and profit growth. Sales increased 16% to £32.3 million (2008: £27.8 million).

Gross profit margins at 55.0% (2008: 57.7%) have been under some pressure due to the increased cost of leather purchased in euros and metal components which are purchased in US dollars. This has necessitated some product price increases which consumers have accepted.

Net operating expenses for the period increased by £1.4 million to £16.3 million (2008: £14.9 million). Of this increase, £0.6 million relates to extra costs directly linked to the UK sales growth, £0.3 million relates to new shops and £0.2 million relates to the one-off costs of the USA restructuring.

Operating profits increased by 28% from £1.2 million to £1.5 million. When the one-off USA costs are added back, underlying operating profits increased by 50% compared to the prior period.

Profit before tax has increased 16% from £1.3 million in 2008 to £1.5 million in 2009.

The Group balance sheet is strong with cash of £4.3 million and no debt.

BUSINESS REVIEW

Sales for the six months to 30 September 2009 were significantly ahead of our expectations. Sales through our UK retail shops started well and have improved further, while sales through the wholesale channel were initially down due to cautious buying by our customers. However, our order books have improved progressively throughout the six month period as customers reordered to replace product selling strongly in their shops. The comparative period up to 30 September 2008 was a period of good growth for Mulberry.

Bags and accessories remain our core business and continue to account for over 90% of Group sales. The new Daria range introduced during August 2009 has become a best seller, in addition to continued strong demand for our successful Bayswater and Mitzy ranges.

For the six months to 30 September 2009, total retail sales in the UK were 41% above the prior year with like-for-like sales up 39%. This increase was due to strong customer demand for our new and existing ranges of bags and accessories. The sales increase was similar in both our full price and our off price shops.

Sales through our website, www.mulberry.com, grew by 80% during the period, increasing from 4% to 7% of Group sales. In addition to being a profitable and growing sales channel, the web is a key marketing tool for the brand.

Wholesale shipments to third parties during the six months to 30 September were down 24% compared to the prior year. As expected, customers reduced their initial buying budgets due to the economic climate. Sell through remained good, however, and so for the Autumn/Winter 2009 season we have seen an unusually high amount of top up orders, some of which will be delivered during the fourth calendar quarter. The final order book for the Autumn/Winter 2009 season will be 5% below the prior year.

The combination of the strong sales in our own shops and the stronger than expected wholesale demand has resulted in the business having very little surplus stock from the Autumn/Winter 2009 season. This will limit the amount of merchandise available for our January sale.

CURRENT TRADING AND OUTLOOK

The strong consumer demand for Mulberry products experienced during the six months to 30 September 2009 continues.

During the ten weeks leading up to 5 December 2009, total UK retail sales were 47% above last year with like-for-like sales up 46%. These figures are slightly flattered by the weak sales during the same period last year (-12%), but the underlying trend is of strong growth.

The Spring/Summer 2010 season has started more strongly than Autumn/Winter 2009 and the order book is currently on a par with the previous year.

During October 2009, we completed the transaction to assume operational control of the two New York shops previously held by our joint venture partner. In addition, we reclaimed the full distribution rights for the North American market. Under the terms of the transaction, we took management control of the two shops with effect from 1 April 2009 and they have been fully accounted for in the results of the Group for the period from that date.

During January 2010, we will deliver the new Alexa family of bags, which has been well received around the world. We have a waiting list for this bag and it has the potential to become another best seller in our growing family of successful designs.

Christmas trading is a key contributor to turnover and profit as are the January sales. The Group will not discount product in the lead up to Christmas. On the basis of current trends, it is expected that the financial performance for the year will be substantially ahead of market expectations and ahead of last year.

DIVIDENDS

The full year dividend of 2.0 pence per ordinary share was paid on 21 August 2009. In line with prior years, the Board is not recommending the payment of an interim dividend.

STAFF

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

10 December 2009

CONSOLIDATED INCOME STATEMENT

Six months ended 30 September 2009

	Note	Unaudited six months 30 Sept 2009 £'000	Unaudited six months 30 Sept 2008 £'000	Audited year ended 31 March 2009 £'000
Revenue		32,316	27,779	58,585
Cost of sales		(14,528)	(11,762)	(23,449)
Gross profit		17,788	16,017	35,136
Administration expenses		(16,197)	(14,961)	(31,627)
Exceptional USA transaction costs	4	(256)	–	–
Other operating income		150	103	421
Operating profit		1,485	1,159	3,930
Share of results of associates		54	2	34
Finance income		10	179	229
Finance expense		(14)	(12)	(16)
Profit before tax		1,535	1,328	4,177
Tax	5	(508)	(435)	(1,596)
Profit for the period		1,027	893	2,581
Attributable to:				
Equity holders of the parent		1,027	893	2,581
		<i>pence</i>	<i>pence</i>	<i>pence</i>
Basic earnings per share	6	1.8	1.6	4.5
Diluted earnings per share	6	1.8	1.5	4.5

All activities arise from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2009

		Unaudited six months 30 Sept 2009 £'000	Unaudited six months 30 Sept 2008 £'000	Audited year ended 31 March 2009 £'000
Net profit for the period		1,027	893	2,581
Exchange differences on translation of foreign operations		(26)	22	278
Total comprehensive income for the period		1,001	915	2,859
Attributable to:				
Equity holders of the parent		1,001	915	2,859

CONSOLIDATED BALANCE SHEET

At 30 September 2009

	<i>Unaudited</i> 30 Sept 2009 £'000	<i>Unaudited</i> 30 Sept 2008 £'000	<i>Audited</i> 31 March 2009 £'000
Non-current assets			
Intangible assets	2,568	2,032	2,527
Property, plant and equipment	8,603	9,221	8,872
Interests in associates	351	246	295
Deferred tax assets	–	6	–
	<hr/> 11,522	<hr/> 11,505	<hr/> 11,694
Current assets			
Inventories	12,268	11,834	14,830
Trade and other receivables	7,207	7,437	6,032
Cash and cash equivalents	4,267	2,636	3,710
	<hr/> 23,742	<hr/> 21,907	<hr/> 24,572
Total assets	<hr/> 35,264	<hr/> 33,412	<hr/> 36,266
Current liabilities			
Trade and other payables	(10,259)	(10,646)	(10,726)
Current tax liabilities	(498)	(439)	(1,024)
	<hr/> (10,757)	<hr/> (11,085)	<hr/> (11,750)
Non-current liabilities			
Deferred tax liabilities	(71)	–	(132)
Total liabilities	<hr/> (10,828)	<hr/> (11,085)	<hr/> (11,882)
Net assets	<hr/> 24,436	<hr/> 22,327	<hr/> 24,384
Equity			
Share capital	2,871	2,871	2,871
Share premium account	7,007	7,007	7,007
Own share reserve	(34)	(49)	(49)
Capital redemption reserve	154	154	154
Special reserves	1,467	1,470	1,467
Foreign exchange reserve	467	237	493
Retained earnings	12,504	10,637	12,441
Total equity	<hr/> 24,436	<hr/> 22,327	<hr/> 24,384

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2009

Equity attributable to equity holders of the parent

	Share capital £'000	Share premium account £'000	Own share reserve £'000	Capital reserves £'000	Special reserves £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000
As at 1 April 2008	2,871	7,007	–	154	1,485	215	10,787	22,519
Total comprehensive income for the period	–	–	–	–	–	22	893	915
Amortisation of revaluation surplus	–	–	–	–	(15)	–	15	–
Charge for employee share-based payments	–	–	–	–	–	–	90	90
Own shares	–	–	(49)	–	–	–	–	(49)
Ordinary dividends paid	–	–	–	–	–	–	(1,148)	(1,148)
As at 30 September 2008	2,871	7,007	(49)	154	1,470	237	10,637	22,327
Total comprehensive income for the period	–	–	–	–	–	256	1,688	1,944
Amortisation of revaluation surplus	–	–	–	–	(3)	–	3	–
Charge for employee share-based payments	–	–	–	–	–	–	113	113
Own shares	–	–	–	–	–	–	–	–
Ordinary dividends paid	–	–	–	–	–	–	–	–
As at 31 March 2009	2,871	7,007	(49)	154	1,467	493	12,441	24,384
Total comprehensive income for the period	–	–	–	–	–	(26)	1,027	1,001
Charge for employee share-based payments	–	–	–	–	–	–	184	184
Own shares	–	–	15	–	–	–	–	15
Ordinary dividends paid	–	–	–	–	–	–	(1,148)	(1,148)
As at 30 September 2009	2,871	7,007	(34)	154	1,467	467	12,504	24,436

CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 September 2009

	<i>Unaudited six months 30 Sept 2009 £'000</i>	<i>Unaudited six months 30 Sept 2008 £'000</i>	<i>Audited year ended 31 March 2009 £'000</i>
Operating profit for the period	1,485	1,159	3,930
Adjustments for:			
Depreciation of property, plant and equipment	907	710	1,723
Amortisation of intangible assets	145	111	217
Loss on sale of property, plant and equipment	–	–	287
Effects of foreign exchange	22	16	(117)
Share-based payments charge	184	90	203
Operating cash flows before movements in working capital	2,743	2,086	6,243
Decrease/(increase) in stocks	2,562	(4,049)	(7,045)
Increase in debtors	(1,177)	(1,889)	(484)
Decrease in creditors	(450)	(229)	(205)
Cash generated by operations	3,678	(4,081)	(1,491)
Corporation taxes paid	(1,095)	(936)	(1,374)
Interest paid	(14)	(11)	(16)
Net cash from/(used in) operating activities	2,569	(5,028)	(2,881)
Investing activities:			
Interest received	10	179	229
Purchases of property, plant and equipment	(659)	(1,477)	(2,313)
Proceeds from sale of property, plant and equipment	–	–	11
Acquisition of intangible fixed assets	(215)	(64)	(362)
Net cash used in investing activities	(864)	(1,362)	(2,435)
Financing activities:			
Dividends paid	(1,148)	(1,148)	(1,148)
Repayments of obligations under finance leases	–	(14)	(14)
Acquisition of own shares	–	(49)	(49)
Net cash used in financing activities	(1,148)	(1,211)	(1,211)
Net increase/(decrease) in cash and cash equivalents	557	(7,601)	(6,527)
Cash and cash equivalents at beginning of period	3,710	10,237	10,237
Cash and cash equivalents at end of period	4,267	2,636	3,710

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Six months ended 30 September 2009

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 2009 (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 2009 contained in these interim financial statements does 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 2009 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 2009 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 2009, except for the adoption of IAS1 (revised) 'Presentation of Financial Statements'. This has resulted in a consolidated statement of changes in equity being presented as a primary statement. The Annual Report and Financial Statements are available from the Group's website (www.mulberrypgroupplc.com) or from the Company Secretary at the Company's registered office, The Rookery, Chilcompton, Bath, England, BA3 4EH.

3. Going concern

After making enquiries, the Directors have a reasonable expectation that the Company 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. Exceptional USA transaction costs

During October 2009, the transaction to assume operational control of the two New York shops and the distribution rights to the North American market previously held by our joint venture partner was completed. Given the nature and amount of the transaction fees associated with this restructuring, they have been disclosed separately on the face of the Income Statement.

5. Taxation

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

6. Earnings per share and share issue

Basic earnings per ordinary share has been calculated by dividing the profit for the period by 57,419,505 (30 September 2008: 57,419,505; 31 March 2009: 57,419,505) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated by dividing the profit for the period by 57,435,027 (30 September 2008: 58,545,838; 31 March 2009: 57,438,950) potential ordinary shares. These shares take into account the exercise of dilutive unexercised options.

On 8 October 2009, 1,450,000 5p ordinary shares were issued at par. These shares were issued to the Mulberry Group plc Employee Share Trust for share awards.



