

7 November 2012

## **Burberry Group plc**

### **Interim results for the six months ended 30 September 2012**

- Financial performance
  - Total revenue growth 8% underlying to £883m (up 6% reported)
  - Retail revenue growth 10% underlying to £577m (up 9% reported)
  - Adjusted PBT up 6% underlying to £173m (up 7% reported)
  - Reported PBT £112m (2011: £159m)
  - Net cash of £237m
  - Interim dividend up 14% to 8p
  
- Retail/wholesale reported revenue up 7%; adjusted operating profit up 11%
  - Adjusted operating margin up 60 basis points to 15.5%
  - Better quality sales and tight control of discretionary spend
  - Enabled continued investment in key growth initiatives
  
- Focused execution of key strategies
  - Digital innovation: Regent Street opening - Burberry World Live
  - Brand balance: Prorsum and London penetration increased
  - Non-apparel growth: mens accessories grew 40% in retail
  - Retail investment focus in flagship markets: new stores in Hong Kong, Milan, Rome and London; full year capital expenditure unchanged at £180-200m
  - Emerging markets focus: 62 franchise stores in 27 countries worldwide
  - Operational excellence: expanded and upgraded logistics network
  
- Fragrance and beauty directly operated as fifth product division from 1 April 2013
  - Consistent with ongoing strategy of greater brand control
  - Significant opportunity in under-penetrated opening price point categories
  - Euro181m payment to be made in H2 for ending licence relationship; £71m of which is recognised within exceptional items in H1
  - Broadly neutral to adjusted PBT in FY 2013/14, a transition year; earnings accretive thereafter

Angela Ahrendts, Chief Executive Officer, commented:

“In retail/wholesale, which accounts for over 90% of our business, Burberry delivered 7% revenue growth, 11% profit growth and a further improvement in operating margin, all in a challenging external environment. Our five key strategies remain highly relevant and we continue to invest in our retail, digital and technology growth initiatives.

Integrating fragrance and beauty is a significant brand and business opportunity. Our global teams are excited to partner with long-standing distributors, suppliers and customers to optimise these under-penetrated categories. One consistent brand expression, leveraged across all categories, will underpin future growth in the Beauty division and our existing core business.”

All metrics and commentary in the Group Financial Highlights and Interim Management Report exclude the results of the discontinued business in Spain and exceptional items unless stated otherwise.

Exceptional items are:

- A charge of £73.8m relating to the termination of the fragrance and beauty licence relationship (2011: nil).
- A restructuring credit of £0.6m (2011: nil).
- A put option liability finance credit of £11.7m relating to the third party 15% economic interest in the Chinese business (2011: charge of £2.9m).

Details of exceptional items are contained in Note 4 of the Condensed Consolidated Interim Financial Statements. Underlying change is calculated at constant exchange rates. Certain financial data within this announcement have been rounded.

## Enquiries

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- There will be a presentation today at 9.30am (UK time) to investors and analysts at Horseferry House, Horseferry Road, London, SW1P 2AW.
- The presentation can be viewed live on the Burberry website [www.burberryplc.com](http://www.burberryplc.com) and can also be accessed live via a dial-in facility on +44 (0) 20 3364 5381, password 1564290.
- The supporting slides and an indexed replay will be available on the website later in the day.
- Burberry will update on trading on 15 January 2013 when it will issue its Interim Management Statement for the Third Quarter.

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements. Burberry Group plc undertakes no obligation to update these forward-looking statements and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. All persons, wherever located, should consult any additional disclosures that Burberry Group plc may make in any regulatory announcements or documents which it publishes. All persons, wherever located, should take note of these disclosures. This announcement does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any Burberry Group plc shares, in the UK, or in the US, or under the US Securities Act 1933 or in any other jurisdiction.

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## GROUP FINANCIAL HIGHLIGHTS

**Total revenue up 6% to £883m** (2011: £830m)

**Retail/wholesale revenue up 7%, adjusted operating profit up 11%**; adjusted operating margin of 15.5% (2011: 14.9%)

**Group adjusted profit before tax up 7% to £173.4m** (2011: £161.6m)

**Reported profit before tax of £111.9m** (2011: £158.7m), after £61.5m exceptional items

**Forecast effective tax rate of 25.0%** on adjusted PBT for the full year

**Adjusted diluted EPS up 8% at 29.0p**; reported diluted EPS of 19.1p

**Interim dividend up 14% to 8.0p** (2011: 7.0p); reflecting rebalancing between halves. Dividend policy is approximately 40% payout based on full year adjusted diluted EPS

**Net cash of £237m** at 30 September 2012 (2011: £174m), after £89m investment in capital expenditure

£ million	Six months to 30 September		% change	
	2012	2011	reported FX	underlying
Revenue	882.5	829.6	6	8
Cost of sales	(255.5)	(257.7)	1	
Gross margin	627.0	571.9	10	
Operating expenses*	(453.4)	(409.8)	(11)	
<b>Adjusted operating profit</b>	<b>173.6</b>	<b>162.1</b>	<b>7</b>	<b>6</b>
Net finance charge*	(0.2)	(0.5)		
<b>Adjusted profit before taxation</b>	<b>173.4</b>	<b>161.6</b>	<b>7</b>	<b>6</b>
Exceptional items	(61.5)	(2.9)		
<b>Profit before taxation</b>	<b>111.9</b>	<b>158.7</b>		
Taxation	(26.5)	(42.8)		
Discontinued operations <sup>#</sup>	0.1	0.6		
Non-controlling interest	(0.5)	0.7		
Attributable profit	85.0	117.2		
<b>Adjusted EPS (pence)<sup>~</sup></b>	<b>29.0</b>	<b>26.9</b>		
EPS (pence) <sup>~</sup>	19.1	26.4		
Weighted average number of ordinary shares (millions) <sup>~</sup>	445.9	444.5		

Adjusted measures exclude exceptional items and discontinued operations.

\*Operating expenses in 2012 in the table above exclude a charge relating to the termination of the licence relationship of £73.8m (2011: nil) and a restructuring credit of £0.6m (2011: nil) included in the reported expenses of £526.6m (2011: £409.8m). The net finance charge in the table above excludes a £11.7m China put option liability finance credit (2011: £2.9m charge) included in the reported net finance income of £11.5m (2011: £3.4m charge).

<sup>#</sup> Discontinued operations in Spain in 2012 delivered a profit of £0.1m (2011: £0.6m).

<sup>~</sup> EPS is presented on a diluted basis.

## INTERIM MANAGEMENT REPORT

- Total revenue grew 8% underlying to £883m (up 6% reported)
- Retail revenue grew 10% underlying to £577m (up 9% reported)
- Group adjusted PBT grew 6% underlying to £173m (up 7% reported)

**Against a challenging external environment, Burberry has driven productivity, through an intense focus on innovative product, merchandising and marketing initiatives, while optimising efficiency and tightly controlling expenses. Brand momentum remains strong and the continued execution of the five key long term strategies will consistently underpin future revenue and profit growth.**

### *Leverage the franchise*

**Brand reach and engagement increased** as Burberry continued to use traditional and digital media in innovative ways. 14m Facebook fans, Twitter accounts in ten languages, global real-time initiatives with Clear Channel International and the Weather Channel over the Olympic period as well as the Regent Street opening further connected consumers to compelling brand content.

**Burberry's product assortments continued to be tightly merchandised and balanced by product division, label, category and price point.** The penetration of Burberry Prorsum and London increased during the first half, while certain opening price point products in core accessories and outerwear were rationalised.

**Outerwear remained at the core of Burberry's business,** with good growth in the half driven by fashion and replenishment styles. Key marketing and retail initiatives globally continued to centre on the iconic trench, from innovative outdoor advertising in London linked to Art of the Trench, to the introduction of physical Burberry Bespoke experiences in Regent Street and Chicago.

**Mens was the fastest growing product division** (up 12% underlying), accounting for 25% of retail/wholesale revenue.

**Burberry will directly operate fragrance and beauty from 1 April 2013,** following the end of its existing licence relationship with Interparfums SA.

- The ongoing strategy of greater brand control and integrating fragrance and beauty will enable Burberry to capitalise on the significant growth opportunities in these key opening price point product categories, where Burberry is under-penetrated compared to peers.
- The wider brand halo has impact internally and externally, as witnessed by last year's launch of Burberry Body. When leveraged with the core business, the increased scale will further accelerate growth in revenue and profit over time.

**Fragrance and beauty will be run as Burberry Beauty, the fifth product division** alongside accessories and womens, mens and childrens apparel.

- Burberry historically led all product design, packaging and marketing activities for fragrance and beauty and will now oversee product development, sourcing and logistics, while partnering with distributors worldwide.
- The Beauty division will be supported by Burberry's existing IT, planning and central infrastructure; supplemented by a number of key senior hires with extensive functional expertise in these Beauty categories.
- Burberry will pay Euro181m in cash to Interparfums SA on 31 December 2012 for the ending of the licence relationship.
- The transaction is expected to be broadly neutral to adjusted PBT in the transitional financial year 2013/14, excluding the amortisation of the intangible asset which will be charged to exceptional items. Further financial information is given in the appendix.

### ***Intensify non-apparel***

**Non-apparel revenue increased by 8% underlying** and remained the largest product division at 39% of retail/wholesale revenue.

**Large leather goods remained at around half of mainline non-apparel sales,** driven by innovation in core programmes and focused marketing and merchandising behind key shapes.

**Mens accessories grew strongly,** reaching 18% of total mainline non-apparel sales, with the fastest growth in Asia Pacific and on burberry.com.

### ***Accelerate retail-led growth***

**With 10% underlying growth, retail accounted for 65% of revenue** in the first half. This is the 14<sup>th</sup> consecutive six month period where Burberry has delivered double digit percentage underlying retail growth and was achieved against record prior year comparatives.

**Burberry continued to elevate its real estate portfolio,** opening 13 stores and 16 concessions, while closing seven and nine respectively. Openings were focused in flagship markets including Hong Kong, Milan, Rome and London, including the brand's largest and most innovative environment on Regent Street.

**The store opening programme remains robust.** Second half openings in flagship markets include Chicago, Shanghai and a standalone menswear store in Knightsbridge, London, as well as further stores in Brazil, Mexico and the Middle East. Having recently reviewed all proposed store and business projects, projected capital expenditure remains at between £180-200m for FY 2012/13. This excludes the cash spend in the second half on the intangible asset relating to fragrance and beauty.

**Burberry continued to innovate in digital commerce**, enabling consumers around the world to engage and transact more easily with the brand on and off line. With the addition of Spanish and Korean, the website is now accessible in eight languages; customer services including Click to Call and Click to Chat are available in 14 languages; with delivery to over 100 countries. A new local payment method has been introduced in China and the collect in store trial extended in London and the United States.

### ***Invest in under-penetrated markets***

**Burberry continued to invest in mainland China**, opening seven stores and closing two in the first half. There are currently 68 stores in 35 cities, up from 50 stores in 30 cities acquired in September 2010. To ensure appropriate brand representation, the investment is clustered around flagship markets and provincial capitals. Three new larger format stores are planned for Shanghai during calendar year 2013 at an average size of about 9,000 square feet each. This compares to the average of 2,000 square feet for China at acquisition.

**North American wholesale revenue grew strongly in the half**, reaching 9% of group retail/wholesale revenue, helped by continued investment in wholesale shop-in-shops. Burberry is starting to test concessions in the Americas region.

**Burberry continued to invest in real estate and retail productivity in high growth emerging markets**. About eight new directly-operated stores are planned this financial year in the Middle East and Latin America.

### ***Pursue operational excellence***

**Burberry continued to develop and optimise its logistics network**, increasing capacity and upgrading hub capabilities in Europe and Asia Pacific. A local distribution centre in China was opened to ensure continuity and speed of supply for replenishment styles and to provide future fulfilment for rapidly growing digital commerce.

**The operating model continued to evolve**, with improved execution of monthly floorsets, focused assortments and global buys of key items in greater depth.

**Burberry continued to leverage the investment made in technology**, from early learnings from customer insight, innovative in store technology trials to personalisation tools in digital marketing. Facilitated by the investment in planning and IT, procurement was significantly reduced to drive better working capital efficiency.

## Revenue analysis

### Revenue by channel

£ million	Six months to 30 September		% change	
	2012	2011	reported FX	underlying
Retail	576.8	527.4	9	10
Wholesale	253.1	247.9	2	5
Licensing	52.6	54.3	(3)	(5)
<b>Revenue</b>	<b>882.5</b>	<b>829.6</b>	<b>6</b>	<b>8</b>

### Retail

65% of revenue (2011: 64%); generated from 198 mainline stores, 215 concessions within department stores, digital commerce and 49 outlets

- Retail sales increased 10% on an underlying basis (up 9% at reported FX)
- Comparable store sales increased by 3% (Q1: +6%; Q2: +1%)
- New space contributed the balance of growth (7%)
- Average retail selling space increased by 12%

During the first half, there was a broad-based slowdown in revenue growth across regions and product divisions. The key driver of the softer second quarter was footfall, partly mitigated by higher average transaction values.

In mainline stores and concessions, revenue in the first half was driven by modest pricing increases and mix shift. In particular, the penetration of Burberry Prorsum and London increased by five percentage points. Replenishment remained at around half of mainline revenue. Mens tailoring more than doubled in the half and soft accessories and mens non-apparel outperformed.

In the first half, all four regions showed positive comparable store sales growth, but slowed compared to the growth rates in the second half of last year.

#### *Asia Pacific*

Retail accounted for over 80% of revenue in Asia Pacific. Mainland China, which accounted for about 40% of the region's retail sales, delivered mid-teens percentage underlying growth in the first half. Comparable store sales in China were still positive but slowed in the second quarter, driven primarily by lower traffic.

Hong Kong's performance, although uneven, remained robust for the half as a whole. Stores were opened in Russell Street and Pacific Place, the largest and most digitally advanced in the region, bringing the total to 20 stores in this key flagship market. Korea and Taiwan remained weak, while Singapore and the 14 directly-operated stores in Japan, which sell the global collection, performed well.

### *Europe*

In Europe, which was about two-thirds retail, France and Germany remained robust, due in part to the travelling luxury customer, while Italy was soft. The United Kingdom accounted for over 40% of European retail sales. Footfall in London decelerated in the second quarter, in part due to the disruption from the Olympics, impacting both tourist and domestic customers. Burberry continued to upgrade its brand presence in retail concessions in key European department stores, opening seven and closing three in the half.

### *Americas*

Retail contributed about 60% of revenue in the Americas. Comparable store sales growth was modest reflecting tough prior year comparatives, a more domestic customer base than other regions and greater exposure to the rationalisation of certain opening price point products in core accessories and outerwear.

### *Rest of World*

Retail accounted for about half of Rest of World revenue. The Middle East remained uneven while standalone stores in India performed strongly. With 23 stores in the Middle East and seven in India, Burberry continues to grow and evolve its store portfolio in these high potential markets.

## **Wholesale**

*29% of revenue (2011: 30%); generated from sales to department stores, multi-brand specialty accounts, Emerging Market franchisees and Travel Retail*

- Wholesale revenue increased by 5% on an underlying basis (up 2% at reported FX), in line with guidance
- Performance was led by mens accessories, small leather goods and mens apparel
- Department stores and emerging markets partners outperformed

### *Asia Pacific*

Wholesale revenue in Asia Pacific, which was about 20% of group wholesale revenue, is predominantly Travel Retail. Burberry worked dynamically with key partners to offset the impact of the slowdown in tourist footfall in the region.

### *Europe*

Europe contributed around 40% of group wholesale revenue and was broadly unchanged year-on-year. Growth in key department stores was offset by the continuing planned rationalisation of small specialty accounts.

### *Americas*

Wholesale achieved double-digit percentage underlying growth in the United States even after planned brand rationalisation. Over 10 dedicated shop-in-shops were opened, bringing the total to 92.

### *Rest of World*

Double-digit percentage underlying growth was achieved in Rest of World, despite more challenging trading conditions in certain franchise markets. During the first half, five franchise stores were opened, including two with a new partner in the Baltic region and the first Burberry store in Jordan, bringing the total to 62.



## Licensing

6% of revenue (2011: 6%); of which approximately two-thirds from Japan (split roughly 80% apparel and 20% from various short-term, mainly non-apparel, licences), with the balance from global product licences (fragrance, eyewear and timepieces) and European wholesale childrenswear

- Licensing revenue decreased by 5% underlying (down 3% at reported FX)
- Consistent with full year guidance of broadly unchanged revenue, reflecting timing benefits in the second half
- H2 global launch of The Britain watch collection
- Fragrance and beauty to be directly operated from 1 April 2013

In Japan, apparel royalty income was broadly unchanged, while non-apparel income was down year-on-year due to continuing licence rationalisation.

Against the anniversary of the Burberry Body fragrance launch last year, global product licences delivered solid growth in the half, helped by deliveries to distributors ahead of the launch of The Britain watch in early October. As part of the marketing campaign, Burberry developed innovative mobile-only content, interactively exploring the collection while also showing the user's local time, location and weather.

## Operating profit analysis

### Adjusted operating profit

£ million	Six months to 30 September		% change	
	2012	2011	reported FX	underlying
Retail/wholesale	128.9	115.7	11	10
Licensing	44.7	46.4	(4)	(6)
<b>Adjusted operating profit</b>	<b>173.6</b>	<b>162.1</b>	<b>7</b>	<b>6</b>
<i>Adjusted operating margin</i>	<i>19.7%</i>	<i>19.5%</i>		

Adjusted operating profit increased by 7% to £173.6m in the first half, with a £2.3m benefit from exchange rates.

## Adjusted retail/wholesale operating profit

£ million	Six months to 30 September		% change reported FX
	2012	2011	
Revenue	829.9	775.3	7
Cost of sales	(255.5)	(257.7)	1
Gross margin	574.4	517.6	11
<i>Gross margin</i>	69.2%	66.7%	
Operating expenses	(445.5)	(401.9)	(11)
<b>Adjusted operating profit</b>	<b>128.9</b>	<b>115.7</b>	<b>11</b>
<i>Operating expenses as a % of sales</i>	53.7%	51.8%	
<i>Adjusted operating margin</i>	15.5%	14.9%	

Adjusted retail/wholesale operating profit grew by 11% to £128.9m in the half, with the operating margin up by 60 basis points to 15.5%.

Gross margin was 69.2% in the first half – up 250 basis points from 66.7% in the same period last year. The key drivers were the net benefit from price increases and FX on procurement, as well as the continued mix shift to retail.

Operating expenses increased by £44m or 11%, including a £15m reduction in performance-related payments. Of the gross increase of £59m, about half was for new space, including pre-opening costs, around one-third was general inflation and the balance was investment in areas such as IT, customer resources, logistics and creative media. While marketing was held flat as a percentage of sales in the first half, expenses were tightly controlled in areas such as headcount, travel and discretionary business projects. Operating expenses as a percentage of revenue increased to 53.7% (2011: 51.8%).

For FY 2012/13, Burberry continues to expect a modest improvement in retail/wholesale operating margin, dynamically managing gross margin and operating expenses to enable continued strategic investment in the business.

## Licensing operating profit

£ million	Six months to 30 September		<i>Six months to 30 September 2012 underlying</i>
	2012	2011	
Revenue	52.6	54.3	51.5
Cost of sales	-	-	-
Gross margin	52.6	54.3	51.5
<i>Gross margin</i>	100%	100%	
Operating expenses	(7.9)	(7.9)	(7.9)
<b>Operating profit</b>	<b>44.7</b>	<b>46.4</b>	<b>43.6</b>
<i>Operating margin</i>	85.0%	85.5%	

Licensing revenue decreased by 5% on an underlying basis (down 3% at reported FX). Operating expenses were unchanged year-on-year, and with a £1.1m FX benefit, operating profit was £44.7m (2011: £46.4m).

## Exceptional items

£ million	Six months to 30 September	
	2012	2011
Termination of licence relationship	(73.8)	-
Restructuring credit	0.6	-
China put option liability finance credit/(charge)	11.7	(2.9)
	(61.5)	(2.9)

In the first half, £73.8m has been recognised as an exceptional item relating to the ending of the fragrance and beauty licence relationship.

- Of the Euro181m termination payment (£142m), £70.9m has been capitalised as an intangible asset and will be amortised on a straight line basis over the period 1 April 2013 to 31 December 2017. This intangible asset relates to the present value of the anticipated incremental income from fragrance and beauty which will be earned by the Group up to 31 December 2017.
- The remaining £71.3m has been recognised as an expense, together with related costs of £2.5m. It is anticipated that this value will be recovered through increased income from fragrance and beauty beyond 31 December 2017.

The restructuring credit of £0.6m relates to the release of a provision held in respect of the cost efficiency programme announced in January 2009.

The China put option liability finance credit/(charge) relates to fair value movements on the put option liability over the non-controlling interest in the acquired Chinese business. Largely reflecting lower growth assumptions for the Chinese luxury goods market, the credit in the first half was £11.7m (2011: £2.9m charge).

## Discontinued operations

£ million	Six months to 30 September	
	2012	2011
Restructuring credit for discontinued Spanish operations	0.1	0.6

The restructuring credit of £0.1m relates to the release of restructuring provisions held in respect of the discontinued Spanish operations.

Cash spend in the first half associated with the restructuring was £0.6m.

## Taxation

The effective rate of tax on adjusted profit for FY 2012/13 is estimated to be 25.0%, which is the rate applied in H1 2012 (H1 2011: 26.5%). Tax on exceptional items has been recognised as appropriate. The resulting effective tax rate on reported profit is 23.7% (H1 2011: 27.0%).

## Net cash

Net cash at 30 September 2012 was £237m, compared to £338m at 31 March 2012 and £174m at 30 September 2011. The major cash outflows in the first half included capital expenditure of £89m (2011: £63m), of which three-quarters was retail; a seasonal working capital outflow of £108m (2011: £114m); tax of £47m (2011: £49m); and dividends of £79m (2011: £68m).

Inventory at 30 September 2012 was £353m (2011: £340m), up 4%, less than half the rate of growth in retail sales. The proportion of inventory held in replenishment and current season styles increased significantly compared to last year.

## Outlook

The following is consistent with the guidance given in October 2012.

*Retail:* For the second half of FY 2012/13, average retail selling space is on plan to increase by about 14%.

*Wholesale:* For the second half of FY 2012/13, Burberry expects broadly unchanged underlying wholesale revenue year-on-year (H2 2011/12: £230m), reflecting the rationalisation of certain opening price point products in core accessories and outerwear. With a more cautious approach from customers globally, the United States, Asia Travel Retail and emerging markets are expected to continue to grow, offset by further contraction of small specialty wholesale accounts, especially in Southern Europe.

*Licensing:* With timing benefits in the second half, Burberry continues to expect licensing revenue for FY 2012/13 at constant and reported exchange rates to be broadly unchanged year-on-year.

## Appendix

### 1. Financial implications of directly operating fragrance and beauty

As previously announced, Burberry has agreed to end its existing licence relationship with Interparfums SA with effect from 31 December 2012. At that date, it will pay Euro181m in cash (exclusive of any inventories and other tangible assets) to Interparfums. To facilitate the transition to direct operation, the licence relationship with Interparfums has been extended until 31 March 2013. Burberry will commence direct operations from 1 April 2013.

Based on current expectations, the key financial assumptions, which are forward-looking statements, are detailed below.

#### *Adjusted retail/wholesale*

FY 2012/13: No impact on retail/wholesale revenue and operating profit.

FY 2013/14: This is expected to be a transitional year, reflecting the short-term impact of the move from licence to direct operation and Burberry's strategy to clean up and elevate the distribution of fragrance and beauty, ensuring closer alignment with the core business and brand positioning. Revenue in FY 2013/14 is expected to be about £140m, with around £25m of incremental retail/wholesale operating profit, weighted towards the second half.

#### *Licensing*

FY 2012/13: No change to guidance, with total licensing revenue broadly unchanged year-on-year at constant and reported exchange rates.

FY 2013/14: Reduction of licensing revenue of about £25m, based on internal three year plan.

#### *Adjusted PBT*

As a result of the above factors and taking into account the reduced interest income arising from the Euro181m payment, the net impact on adjusted PBT is expected to be as below:

FY 2012/13: Minimal.

FY 2013/14: Broadly neutral to adjusted PBT in the year of transition.

#### *Exceptional items*

FY 2012/13: In addition to the exceptional items incurred in the first half, Burberry expects a second half exceptional charge of between £5-10m, relating to set-up costs incurred prior to direct operation.

FY 2013/14: Of the Euro181m payment, £71m has been capitalised as an intangible asset and will be amortised on a straight line basis over the period 1 April 2013 to 31 December 2017, the remaining period of the original licence. The annual amortisation charge is expected to be £15m.

## 2. Additional disclosure

### Retail/wholesale revenue by destination

£ million	Six months to 30 September		% growth	
	2012	2011	reported FX	underlying
Asia Pacific	298.7	265.3	13	11
Europe	272.3	270.8	1	8
Americas	202.8	189.9	7	5
Rest of World	56.1	49.3	14	14
	829.9	775.3	7	8

### Retail/wholesale revenue by product division

£ million	Six months to 30 September		% growth	
	2012	2011	reported FX	underlying
Accessories	324.5	303.6	7	8
Womens	265.5	254.2	4	6
Mens	206.7	185.9	11	12
Childrens/other	33.2	31.6	5	5
	829.9	775.3	7	8

### Store portfolio

	Directly-operated stores				Total	Franchise stores
	Stores	Concessions	Outlets			
At 31 March 2012	192	208	44		444	57
Additions	13	16	7		36	5
Closures	(7)	(9)	(2)		(18)	-
At 30 September 2012	198	215	49		462	62

### Store portfolio by region

At 30 September 2012	Directly-operated stores				Total	Franchise stores
	Stores	Concessions	Outlets			
Asia Pacific	56	155	12		223	17
Europe	41	57	19		117	26
Americas	74	1	17		92	3
Rest of World	27	2	1		30	16
Total	198	215	49		462	62

## Retail net selling square footage

	000s square feet
At 31 March 2008	740
At 31 March 2009	845
At 31 March 2010	890
At 31 March 2011	1,010
At 30 September 2011	1,085
At 31 March 2012	1,145
At 30 September 2012	1,240

### 3. Related parties

Related party disclosures are given in note 15 of the Condensed Consolidated Interim Financial Statements.

### 4. Principal risks

The Group carried out a formal process throughout the period to identify, evaluate and manage significant risks faced by the Group. In the view of the directors, the principal risks and uncertainties affecting the Group for the remaining six months of the financial year comprise those set out on pages 56 to 59 of the Annual Report for the year ended 31 March 2012 (a copy of which is available at the Group's website at [www.burberryplc.com](http://www.burberryplc.com)) and which are summarised below. These principal risks and uncertainties have remained unchanged subject to the following:

- The macro-economic climate has worsened with expectations for global economic growth reducing, adversely impacting on consumer confidence and sales growth.
- The Group announced plans to operate directly its fragrance and beauty business commencing 1 April 2013, exiting its existing licence relationship with Interparfums SA. Under the new structure, the Group will bear full operating responsibility for this business, requiring the Group to perform functions currently the responsibility of Interparfums. Failure to adequately complete this transition would adversely affect the Group's financial performance. In addition, this incremental activity could divert management resources with an adverse impact on the Group's existing business.

## Summary of principal risks set out in the Annual Report

### *Economic downturn*

The Group's performance remains strong; however, reduced consumer wealth driven by adverse economic conditions could lead to a reduction in demand, disrupt its supply chain or lead to an increase in bad debts, all of which would impact sales and profitability.

### *Loss of key management or the inability to attract and retain key employees*

The loss of key individuals or the inability to recruit and retain individuals with the relevant talent and experience would disrupt the operation of the business and adversely impact the Group's ability to deliver its strategies.

### *Dependence on IT systems and operational infrastructure*

The Group's operations depend on IT systems and operational infrastructure in order to trade efficiently. Increasingly technology is also being used to stream major events and to communicate through social media. A failure in these systems or a denial of service could have a significant impact on the Group's operations and reputation, and potentially result in the loss of sensitive information. Negative social media campaigns could impact on the Group's reputation.

### *Over-reliance on key vendors*

The Group relies on a small number of vendors in key product categories, and for specialist digital and IT services. Failure of one of these businesses to deliver products or services would have a significant impact on business operations.

### *Major incidents*

Major incidents such as natural catastrophes, global pandemics or terrorist attacks affecting one or more of the Group's key locations could significantly impact its operations. The impact may vary depending on the location of the incident and its nature. The impact of the loss of a distribution hub would clearly differ from a global pandemic, but both would impact revenue and profits.

### *Non-compliance with ethical and environmental standards*

A failure by the Group or associated third parties to act in accordance with ethical and environmental standards could result in penalties, adverse press coverage and reputational damage with a resulting drop in revenue and profit.

### *Non-compliance with legislation and regulation*

The Group's operations are subject to a broad spectrum of regulatory requirements in the various jurisdictions in which the Group operates. The pace of change and the consistency of application of legislation can vary significantly across these jurisdictions, particularly in an environment where public sector debt is often high and tax revenues are falling. Failure to comply with these requirements could leave the Group open to civil and/or criminal legal challenge, significant penalties and reputational damage.

### *Significant growth and pace of change*

Significant growth and pace of change within the business puts pressure on both internal and external resources. Failure to effectively manage the pace of change will inevitably adversely impact the Group's operations and return on investment.



### *Licences*

A substantial proportion of Group profits is reliant upon its licensed business in Japan and other key licensed product categories. The Group expects licensees to maintain operational and financial control over their businesses. Should licensees fail to manage their operations effectively or be affected by a major incident, the royalty income may decline directly impacting the profits of the Group.

### *Stability of emerging markets*

The Group operates in a number of emerging markets which are typically more volatile than developed markets, and are subject to changing economic, regulatory, social and political developments that are beyond the Group's control. Infrastructure and services also tend to be less developed.

### *Unauthorised use of the Group's trademarks and other proprietary rights*

Trademarks and other intellectual property (IP) rights are fundamentally important to the Group's reputation, success and competitive position. Unauthorised use of these, as well as the distribution of counterfeit products, damages the Burberry brand image and profits.

## CONDENSED GROUP INCOME STATEMENT – UNAUDITED

	Note	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m	Audited Year to 31 March 2012 £m
Revenue	3	<b>882.5</b>	829.6	1,857.2
Cost of sales		<b>(255.5)</b>	(257.7)	(558.3)
Gross profit		<b>627.0</b>	571.9	1,298.9
Net operating expenses		<b>(526.6)</b>	(409.8)	(922.0)
Operating profit		<b>100.4</b>	162.1	376.9
Financing				
Interest income		<b>1.6</b>	1.3	2.9
Interest expense		<b>(1.8)</b>	(1.8)	(3.6)
Other financing income/(charges)		<b>11.7</b>	(2.9)	(10.2)
Net finance income/(charge)		<b>11.5</b>	(3.4)	(10.9)
Profit before taxation		<b>111.9</b>	158.7	366.0
Taxation	5	<b>(26.5)</b>	(42.8)	(100.6)
Profit for the period from continuing operations		<b>85.4</b>	115.9	265.4
Profit/(loss) for the period from discontinued operations	17	<b>0.1</b>	0.6	(0.3)
Profit for the period		<b>85.5</b>	116.5	265.1
Attributable to:				
Equity holders of the Company		<b>85.0</b>	117.2	263.3
Non-controlling interest		<b>0.5</b>	(0.7)	1.8
Profit for the period		<b>85.5</b>	116.5	265.1
Earnings per share				
– basic	6	<b>19.5p</b>	26.9p	60.4p
– diluted	6	<b>19.1p</b>	26.4p	59.3p
Earnings per share from continuing operations				
– basic	6	<b>19.5p</b>	26.7p	60.4p
– diluted	6	<b>19.1p</b>	26.2p	59.3p
		£m	£m	£m
Reconciliation of adjusted profit before taxation:				
Profit before taxation		<b>111.9</b>	158.7	366.0
Exceptional items:				
– termination of licence relationship	4	<b>73.8</b>	–	–
– restructuring credit relating to continuing operations	4	<b>(0.6)</b>	–	–
– put option liability finance (credit)/charge	4	<b>(11.7)</b>	2.9	10.2
Adjusted profit before taxation - non-GAAP measure		<b>173.4</b>	161.6	376.2
Adjusted earnings per share - non-GAAP measure				
– basic	6	<b>29.7p</b>	27.4p	62.8p
– diluted	6	<b>29.0p</b>	26.9p	61.6p
Dividends per share				
– Proposed interim (not recognised as a liability at 30 September)	7	<b>8.00p</b>	7.00p	7.00p
– Final (not recognised as a liability at 31 March)	7	<b>–</b>	–	18.00p

## CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m	Audited Year to 31 March 2012 £m
Profit for the period	<b>85.5</b>	116.5	265.1
Other comprehensive income:			
– cash flow hedges	<b>(2.8)</b>	–	3.3
– foreign currency translation differences	<b>(6.9)</b>	6.4	(3.8)
Tax on other comprehensive income:			
– cash flow hedges	<b>0.7</b>	–	(0.8)
– foreign currency translation differences	<b>0.4</b>	(0.6)	(0.2)
Other comprehensive (expense)/income for the period, net of tax	<b>(8.6)</b>	5.8	(1.5)
Total comprehensive income for the period	<b>76.9</b>	122.3	263.6
Total comprehensive income attributable to:			
Equity holders of the Company	<b>76.7</b>	122.1	261.2
Non-controlling interest	<b>0.2</b>	0.2	2.4
	<b>76.9</b>	122.3	263.6

## CONDENSED GROUP BALANCE SHEET – UNAUDITED

	Note	As at 30 September 2012 £m	As at 30 September 2011 £m	Audited As at 31 March 2012 £m
<b>ASSETS</b>				
Non-current assets				
Intangible assets	8	<b>204.1</b>	133.4	133.1
Property, plant and equipment	9	<b>371.4</b>	299.5	328.8
Investment properties		<b>2.6</b>	2.9	2.8
Deferred tax assets		<b>99.3</b>	77.6	84.1
Trade and other receivables	10	<b>23.4</b>	17.3	22.3
Derivative financial assets		<b>6.2</b>	7.9	14.7
		<b>707.0</b>	538.6	585.8
Current assets				
Inventories		<b>352.6</b>	340.3	311.1
Trade and other receivables	10	<b>191.3</b>	177.0	145.2
Derivative financial assets		<b>1.6</b>	2.3	3.2
Income tax receivables		<b>8.1</b>	4.8	10.1
Cash and cash equivalents		<b>380.3</b>	328.5	546.9
		<b>933.9</b>	852.9	1,016.5
Assets classified as held for sale	17	<b>7.8</b>	13.2	8.3
		<b>941.7</b>	866.1	1,024.8
<b>Total assets</b>		<b>1,648.7</b>	1,404.7	1,610.6
<b>LIABILITIES</b>				
Non-current liabilities				
Trade and other payables	11	<b>(96.2)</b>	(89.5)	(104.9)
Deferred tax liabilities		<b>(1.1)</b>	(1.8)	(1.4)
Derivative financial liabilities		<b>(2.7)</b>	–	(0.2)
Retirement benefit obligations		<b>(0.5)</b>	(0.6)	(0.8)
Provisions for other liabilities and charges	12	<b>(17.9)</b>	(10.1)	(15.1)
		<b>(118.4)</b>	(102.0)	(122.4)
Current liabilities				
Bank overdrafts and borrowings	13	<b>(143.1)</b>	(154.3)	(208.6)
Derivative financial liabilities		<b>(3.2)</b>	(4.1)	(1.9)
Trade and other payables	11	<b>(458.2)</b>	(309.8)	(324.4)
Provisions for other liabilities and charges	12	<b>(6.2)</b>	(10.1)	(8.2)
Income tax liabilities		<b>(55.4)</b>	(51.3)	(53.7)
		<b>(666.1)</b>	(529.6)	(596.8)
<b>Total liabilities</b>		<b>(784.5)</b>	(631.6)	(719.2)
<b>Net assets</b>		<b>864.2</b>	773.1	891.4
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Ordinary share capital	14	<b>0.2</b>	0.2	0.2
Share premium account		<b>203.4</b>	202.3	202.6
Capital reserve		<b>33.5</b>	28.9	33.9
Hedging reserve		<b>2.8</b>	2.4	4.9
Foreign currency translation reserve		<b>112.4</b>	128.1	118.6
Retained earnings		<b>487.2</b>	389.0	507.1
		<b>839.5</b>	750.9	867.3
Non-controlling interests in equity		<b>24.7</b>	22.2	24.1
<b>Total equity</b>		<b>864.2</b>	773.1	891.4

## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the company				Total £m	Non- controlling interest £m	Total equity £m	
	Note	Ordinary Share capital £m	Share premium account £m	Other reserves £m				Retained earnings £m
Balance as at 1 April 2011		0.2	192.5	154.5	366.4	713.6	20.1	733.7
Profit/(loss) for the period		–	–	–	117.2	117.2	(0.7)	116.5
Other comprehensive income:								
Cash flow hedges – losses deferred in equity		–	–	(2.0)	–	(2.0)	–	(2.0)
Cash flow hedges – losses transferred to income		–	–	2.0	–	2.0	–	2.0
Foreign currency translation differences		–	–	5.5	–	5.5	0.9	6.4
Tax on other comprehensive income		–	–	(0.6)	–	(0.6)	–	(0.6)
Total comprehensive income for the period		–	–	4.9	117.2	122.1	0.2	122.3
Transactions with owners:								
Employee share incentive scheme								
– value of share awards granted		–	–	–	16.0	16.0	–	16.0
– value of share awards transferred to liabilities		–	–	–	(0.8)	(0.8)	–	(0.8)
– tax on share awards granted		–	–	–	7.2	7.2	–	7.2
– exercise of share awards		–	9.8	–	(9.4)	0.4	–	0.4
Sale of own shares by ESOP trusts		–	–	–	0.1	0.1	–	0.1
Purchase of own shares by ESOP trusts		–	–	–	(42.3)	(42.3)	–	(42.3)
Capital contribution by non-controlling interest		–	–	–	–	–	4.9	4.9
Dividend paid in the period		–	–	–	(65.4)	(65.4)	(3.0)	(68.4)
<b>Balance as at 30 September 2011</b>		<b>0.2</b>	<b>202.3</b>	<b>159.4</b>	<b>389.0</b>	<b>750.9</b>	<b>22.2</b>	<b>773.1</b>
Balance as at 1 April 2012		0.2	202.6	157.4	507.1	867.3	24.1	891.4
Profit for the period		–	–	–	85.0	85.0	0.5	85.5
Other comprehensive income:								
Cash flow hedges – losses deferred in equity		–	–	(3.6)	–	(3.6)	–	(3.6)
Cash flow hedges – losses transferred to income		–	–	0.8	–	0.8	–	0.8
Foreign currency translation differences		–	–	(6.6)	–	(6.6)	(0.3)	(6.9)
Tax on other comprehensive income		–	–	1.1	–	1.1	–	1.1
Total comprehensive (expense)/income for the period		–	–	(8.3)	85.0	76.7	0.2	76.9
Transfer between reserves		–	–	(0.4)	0.4	–	–	–
Transactions with owners:								
Employee share incentive scheme								
– value of share awards granted		–	–	–	10.2	10.2	–	10.2
– value of share awards transferred to liabilities		–	–	–	(0.9)	(0.9)	–	(0.9)
– tax on share awards granted		–	–	–	(7.8)	(7.8)	–	(7.8)
– exercise of share awards	14	–	0.8	–	–	0.8	–	0.8
Sale of own shares by ESOP trusts		–	–	–	–	–	–	–
Purchase of own shares by ESOP trusts		–	–	–	(28.2)	(28.2)	–	(28.2)
Capital contribution by non-controlling interest		–	–	–	–	–	0.4	0.4
Dividend paid in the period		–	–	–	(78.6)	(78.6)	–	(78.6)
<b>Balance as at 30 September 2012</b>		<b>0.2</b>	<b>203.4</b>	<b>148.7</b>	<b>487.2</b>	<b>839.5</b>	<b>24.7</b>	<b>864.2</b>

## CONDENSED GROUP STATEMENT OF CASH FLOWS – UNAUDITED

	Note	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m	Audited Year to 31 March 2012 £m
<b>Cash flows from operating activities</b>				
Operating profit		<b>100.4</b>	162.1	376.9
Operating profit/(loss) from discontinued operations		<b>0.1</b>	0.6	(0.3)
Termination of licence relationship	4	<b>73.8</b>	–	–
Depreciation		<b>40.9</b>	33.8	74.3
Amortisation		<b>7.7</b>	5.7	13.3
Net impairment charges	9	<b>2.4</b>	–	6.8
Write-down of assets held for sale		–	–	4.5
Loss on disposal of property, plant and equipment and intangible assets		<b>0.1</b>	0.2	0.3
Fair value losses/(gains) on derivative instruments		<b>11.0</b>	1.3	(5.7)
Charges in respect of employee share incentive schemes		<b>10.2</b>	16.0	31.8
Increase in inventories		<b>(42.3)</b>	(90.3)	(61.8)
Increase in receivables		<b>(48.1)</b>	(43.9)	(17.6)
(Decrease)/increase in payables		<b>(17.9)</b>	19.8	60.0
<b>Cash generated from operations</b>		<b>138.3</b>	105.3	482.5
Interest received		<b>1.6</b>	1.3	2.7
Interest paid		<b>(1.0)</b>	(1.8)	(3.3)
Taxation paid		<b>(46.8)</b>	(48.7)	(108.2)
<b>Net cash generated from operating activities</b>		<b>92.1</b>	56.1	373.7
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		<b>(79.3)</b>	(50.7)	(126.1)
Purchase of intangible assets		<b>(9.5)</b>	(12.3)	(27.0)
Proceeds from sale of asset held for sale	17	<b>0.1</b>	–	–
Acquisition of subsidiary, net of cash acquired		<b>(1.0)</b>	(11.0)	(23.5)
<b>Net cash outflow from investing activities</b>		<b>(89.7)</b>	(74.0)	(176.6)
<b>Cash flows from financing activities</b>				
Dividends paid in the year		<b>(78.6)</b>	(65.4)	(95.9)
Dividends paid to non-controlling interest		–	(3.0)	(3.3)
Capital contributions by non-controlling interest		<b>0.4</b>	4.9	4.9
Issue of ordinary share capital		<b>0.8</b>	0.4	0.6
Sale of own shares by ESOP trusts		–	0.1	0.1
Purchase of own shares by ESOP trusts		<b>(28.2)</b>	(42.3)	(60.7)
<b>Net cash outflow from financing activities</b>		<b>(105.6)</b>	(105.3)	(154.3)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(103.2)</b>	(123.2)	42.8
Effect of exchange rate changes		<b>2.1</b>	(0.4)	(2.4)
Cash and cash equivalents at beginning of period		<b>339.6</b>	299.2	299.2
<b>Cash and cash equivalents at end of period</b>		<b>238.5</b>	175.6	339.6

<b>ANALYSIS OF NET CASH</b>				
	Note	As at 30 September 2012 £m	As at 30 September 2011 £m	Audited As at 31 March 2012 £m
Cash and cash equivalents as per the Balance Sheet		<b>380.3</b>	328.5	546.9
Bank overdrafts	13	<b>(141.8)</b>	(152.9)	(207.3)
<b>Cash and cash equivalents as per the Statement of Cash Flows</b>		<b>238.5</b>	175.6	339.6
Bank and other borrowings	13	<b>(1.3)</b>	(1.4)	(1.3)
<b>Net cash</b>		<b>237.2</b>	174.2	338.3

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. Corporate information

Burberry Group plc and its subsidiaries (the 'Group') is a global luxury goods manufacturer, wholesaler and retailer. The Group also licenses third parties to manufacture and distribute products using the 'Burberry' trademarks. All of the companies which comprise the Group are controlled by Burberry Group plc (the 'Company') directly or indirectly.

## 2. Accounting policies and basis of preparation

### Basis of preparation

The financial information contained in this report is unaudited. The Condensed Group Income Statement, Condensed Group Statement of Comprehensive Income, Condensed Group Statement of Changes in Equity and Condensed Group Statement of Cash Flows for the interim period ended 30 September 2012, and the Condensed Group Balance Sheet as at 30 September 2012 and related notes have been reviewed by the auditors and their report to the Company is set out on page 32. These condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2012 were approved by the Board of Directors on 22 May 2012 and have been filed with the Registrar of Companies. The report of the auditors on the statutory accounts for the year ended 31 March 2012 was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements for the six months ended 30 September 2012 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. This report should be read in conjunction with the Group's financial statements for the year ended 31 March 2012, which have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

The Directors have made enquiries and reviewed the Group's updated forecasts and projections. These include the assumptions around the Group's products and markets, expenditure commitments, expected cashflows and borrowing facilities. Taking into account reasonable possible changes in trading performance, and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements for the six months ended 30 September 2012.

### Accounting policies

Accounting policies and presentation are consistent with those applied in the Group's financial statements for the year ended 31 March 2012, as set out on pages 103 to 109 of those financial statements, with the exception of taxation. Taxes on income in the interim periods are accrued using the expected tax rate that would be applicable to total annual earnings.

### Key sources of estimation and judgement

The preparation of the condensed consolidated interim financial statements requires that management make certain judgements, estimates and assumptions that affect the reported revenues, expenses, assets and liabilities and the disclosure of certain contingent liabilities. The key sources of estimation and uncertainty and the assumptions applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the Group's financial statements for the year ended 31 March 2012, as set out on page 102 of those financial statements, with the exception of taxation as described above, and the valuation of the intangible asset relating to the termination of the fragrance and beauty licence relationship with Interparfums SA, which is a new area of estimation and judgement for the current period.

The Group has an obligation to make a payment to Interparfums SA of €181.2m on 31 December 2012 (£142.2m at the spot rate at the time of exercise). This has resulted in the recognition of an intangible asset of £70.9m and an expense of £71.3m in the current period. In order to identify the carrying value of the intangible asset acquired, management is required to estimate the incremental income that will be earned by the Group from 1 April 2013 to 31 December 2017, which represents the remaining period of the original licence, prior to its termination. A value-in-use calculation has been performed, based on key forecast assumptions including: sales of products until 2017, by product category; operating margins achieved on this activity; tax charged on the incremental profits; the working capital required to support this activity; and anticipated tax relief on the payment made to acquire the intangible asset. Such forecast assumptions are inherently uncertain and the actual experience between 1 April 2013 and 31 December 2017 may differ materially from these assumptions. Refer to notes 4 and 8 for further details of the accounting for this transaction.

### Adjusted profit before taxation and exceptional items

Exceptional items include those items that are largely one-off and material in nature. Fair value movements on options held over equity interests, which are held for the purpose of future business developments, rather than speculative purposes, are also considered to be exceptional items and are separately presented in the Income Statement. These items are added back/deducted from profit/loss before taxation to arrive at adjusted profit/loss before taxation. These items and their related tax impacts are added back/deducted from profit attributable to equity holders of the Company to arrive at adjusted earnings per share. These measures are disclosed in order to provide additional consideration of the underlying performance of the Group's ongoing business.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONTINUED

### 3. Segmental analysis

The Chief Operating Decision Maker has been identified as the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports used by the Board.

The Board considers Burberry's business through its two channels to market, being Retail/Wholesale and Licensing.

Retail/Wholesale revenues are generated by the sale of luxury goods through Burberry mainline stores, concessions, outlets and digital commerce as well as Burberry franchisees, prestige department stores globally and multi-brand specialty accounts. The flow of global product between Retail and Wholesale channels and across the regions is monitored and optimised at a corporate level and implemented via the Group's inventory hubs situated in Asia, Europe and the US.

Licensing revenues are generated through the receipt of royalties from Burberry's partners in Japan and global licensees of fragrances, eyewear, watches and European childrenswear.

The Board assesses channel performance based on a measure of adjusted operating profit. This measurement basis excludes the effects of exceptional items. The measure of earnings for each operating segment that is reviewed by the Board includes an allocation of corporate and central costs. Interest income and charges are not included in the result for each operating segment that is reviewed by the Board.

	Retail / Wholesale		Licensing		Total	
	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m
Retail	<b>576.8</b>	527.4	–	–	<b>576.8</b>	527.4
Wholesale	<b>253.1</b>	247.9	–	–	<b>253.1</b>	247.9
Licensing	–	–	<b>53.3</b>	63.6	<b>53.3</b>	63.6
Total segment revenue	<b>829.9</b>	775.3	<b>53.3</b>	63.6	<b>883.2</b>	838.9
Inter-segment revenue <sup>(1)</sup>	–	–	<b>(0.7)</b>	(9.3)	<b>(0.7)</b>	(9.3)
Revenue from external customers	<b>829.9</b>	775.3	<b>52.6</b>	54.3	<b>882.5</b>	829.6
Adjusted operating profit	<b>128.9</b>	115.7	<b>44.7</b>	46.4	<b>173.6</b>	162.1
Interest income					<b>1.6</b>	1.3
Interest expense					<b>(1.8)</b>	(1.8)
Exceptional items <sup>(2)</sup>					<b>(61.5)</b>	(2.9)
Profit before taxation					<b>111.9</b>	158.7

Year to 31 March 2012	Retail / Wholesale		Licensing	Total
	£m	£m	£m	£m
Retail	1,270.3	–	–	1,270.3
Wholesale	478.3	–	–	478.3
Licensing	–	–	118.9	118.9
Total segment revenue	1,748.6	–	118.9	1,867.5
Inter-segment revenue <sup>(1)</sup>	–	–	(10.3)	(10.3)
Revenue from external customers	1,748.6	–	108.6	1,857.2
Adjusted operating profit	286.9	–	90.0	376.9
Interest income				2.9
Interest expense				(3.6)
Exceptional items <sup>(2)</sup>				(10.2)
Profit before taxation				366.0

(1) Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.

(2) Refer to Condensed Group Income Statement for details of exceptional items.

Due to the seasonal nature of the business, group revenue is usually expected to be higher in the second half of the year than in the first half.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONTINUED

### 3. Segmental analysis (continued)

Revenue by destination	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m	Year to 31 March 2012 £m
Asia Pacific	<b>298.7</b>	265.3	652.5
Europe	<b>272.3</b>	270.8	552.6
Americas	<b>202.8</b>	189.9	434.5
Rest of World	<b>56.1</b>	49.3	109.0
Retail/Wholesale	<b>829.9</b>	775.3	1,748.6
Licensing	<b>52.6</b>	54.3	108.6
<b>Total</b>	<b>882.5</b>	829.6	1,857.2

### 4. Exceptional items

#### Exceptional operating items

##### Termination of licence relationship

During the six months ended 30 September 2012, a total of £73.8m has been recognised as an exceptional item relating to the termination of the fragrance and beauty licence relationship with Interparfums SA.

On 16 July 2012, the Group exercised its right to terminate its fragrance and beauty licence relationship with Interparfums SA in exchange for a payment of €181.2m (£142.2m at the spot rate on the date of exercise). The payment is due to be made on 31 December 2012 and the termination will be effective from 1 April 2013. The terms of the termination were set out in the licence agreement, as modified by a subsequent transition agreement signed on 10 October 2012. If the licence relationship had not been terminated it would have expired on 31 December 2017.

£70.9m of this payment has been capitalised as an intangible asset within the category 'trademarks, licences and other intangible assets' (refer note 8).

The remaining £71.3m, which does not qualify to be capitalised as an intangible asset, has been recognised as an expense in the current period.

Both items have been recognised at the spot rate of €1.27: £1 on 16 July 2012.

The payment to Interparfums SA has been hedged through taking out forward contracts, which mature on 31 December 2012. These contracts have a combined effective average of €1.26: £1. This has resulted in a difference of £2.0m between the sterling equivalent of the amount to settle the creditor with Interparfums SA and the amount to settle the forward contract.

The £71.3m expense, together with the net £2.0m foreign exchange losses and ancillary transaction costs of £0.5m, have been reported as exceptional in the current period, due to the size and nature of the transaction. A tax credit of £17.0m has been recognised in respect of this exceptional charge in the current period.

##### Restructuring

During the six months ended 30 September 2012, an exceptional credit was recognised for the release of £0.6m of the restructuring provision held in respect of the cost efficiency programme announced in the year to 31 March 2009. A tax charge of £0.1m has been recognised in relation to this exceptional credit in the current period.

No exceptional operating items were recognised in the six months ended 30 September 2011 or the twelve months ended 31 March 2012.

#### Exceptional financing charges

The exceptional financing credit of £11.7m for the six months ended 30 September 2012 relates to fair value movements including the unwinding of the discount on the put option liability over the non-controlling interest in Burberry (Shanghai) Trading Co., Ltd (six months ended 30 September 2011: charge of £2.9m; year ended 31 March 2012: charge of £10.2m). No tax has been recognised on this item, as it is not considered to be deductible for tax purposes.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONTINUED

### 5. Taxation

The tax charge for the six months ended 30 September 2012 has been calculated based on an estimated effective underlying rate of tax on adjusted profit before taxation for the full year of 25.0% (30 September 2011: 26.5%; 31 March 2012: 26.7%). Tax on exceptional items has been recognised at the prevailing tax rates as appropriate. The resulting effective tax rate on reported profit before taxation is 23.7% (30 September 2011: 27.0%; 31 March 2012: 27.5%).

Total taxation recognised in the Condensed Group Income Statement comprises:

	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m	Year to 31 March 2012 £m
Tax on adjusted profit before taxation	<b>43.4</b>	42.8	100.6
Tax on exceptional items (note 4)	<b>(16.9)</b>	–	–
<b>Total taxation charge</b>	<b>26.5</b>	42.8	100.6

### 6. Earnings per share

The calculation of basic earnings per share is based on profit attributable to equity holders of the Company for the period divided by the weighted average number of ordinary shares in issue during the period. Basic and diluted earnings per share based on adjusted profit before taxation are also disclosed to indicate the underlying profitability of the Group.

	Six months to 30 September 2012 £m	Six months to 30 September 2011 £m	Year to 31 March 2012 £m
Attributable profit for the period before exceptional items <sup>(1)</sup> and discontinued operations	<b>129.5</b>	119.5	273.8
Effect of exceptional items <sup>(1)</sup> (after taxation)	<b>(44.6)</b>	(2.9)	(10.2)
Attributable profit for the period from continuing operations	<b>84.9</b>	116.6	263.6
Attributable profit/(loss) from discontinued operations	<b>0.1</b>	0.6	(0.3)
<b>Attributable profit for the period</b>	<b>85.0</b>	117.2	263.3

(1) Refer to Condensed Group Income Statement for the details of exceptional items.

The weighted average number of ordinary shares represents the weighted average number of Burberry Group plc ordinary shares in issue throughout the period, excluding ordinary shares held in the Group's employee share option plan trusts ('ESOP trusts').

Diluted earnings per share is based on the weighted average number of ordinary shares in issue during the period. In addition, account is taken of any options and awards made under the employee share incentive schemes, which will have a dilutive effect when exercised.

	Six months to 30 September 2012 Millions	Six months to 30 September 2011 Millions	Year to 31 March 2012 Millions
Weighted average number of ordinary shares in issue during the period	<b>436.4</b>	435.9	435.9
Dilutive effect of the share incentive schemes	<b>9.5</b>	8.6	8.4
<b>Diluted weighted average number of ordinary shares in issue during the period</b>	<b>445.9</b>	444.5	444.3

### 7. Dividends

The interim dividend of 8.00p (2011: 7.00p) per share has been approved by the Board of Directors after 30 September 2012. Accordingly, this dividend has not been recognised as a liability at the period end.

The interim dividend will be paid on 25 January 2013 to Shareholders on the Register at the close of business on 21 December 2012.

A dividend of 18.00p (2011: 15.00p) per share was paid during the period ended 30 September 2012 in relation to the year ended 31 March 2012.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONTINUED

### 8. Intangible assets

Goodwill at 30 September 2012 is £80.8m (2011: £82.8m).

There were additions to other intangible assets of £78.0m in the period (2011: £12.1m), of which £70.9m relates to the termination of the licence relationship with Interparfums SA.

On 16 July 2012, the Group exercised its right to terminate its fragrance and beauty licence relationship with Interparfums SA in exchange for a payment of €181.2m (£142.2m at the spot rate at the time of exercise). The payment is due to be made on 31 December 2012. The termination will be effective from 1 April 2013. The terms of the termination were set out in the licence agreement, as modified by a subsequent transition agreement signed on 10 October 2012. If the licence relationship had not been terminated it would have expired on 31 December 2017.

The obligation to pay €181.2m gave rise to an intangible asset of £70.9m and an expense of £71.3m at the spot rate of €1.27: £1 on 16 July 2012.

The intangible asset relates to the present value of the anticipated incremental income which will be earned by the Group, as a result of selling fragrance and beauty products through retail and wholesale channels rather than under licence, from 1 April 2013 to 31 December 2017, being the remaining period of the original licence, prior to its termination. In order to identify the carrying value of the intangible asset acquired, a value-in-use calculation has been performed, based on key forecast assumptions including: sales of products until 2017, by product category; operating margins achieved on this activity; tax charged on the incremental profits; the working capital required to support this activity; and anticipated tax relief on the payment made to acquire the intangible asset. Such forecast assumptions are inherently uncertain and the actual experience between 1 April 2013 and 31 December 2017 may differ materially from these assumptions.

The asset will be presented within the intangible asset category 'trademarks, licence and other intangible assets'. It will be amortised on a straight line basis over the period 1 April 2013 to 31 December 2017.

The remaining £71.3m, which does not qualify to be capitalised as an intangible asset, has been recognised as an expense in the current period (refer to note 4).

#### Impairment testing

Assets that have an indefinite useful economic life are not subject to amortisation and are tested annually for impairment.

Goodwill is the only intangible asset category with an indefinite useful economic life included within total intangible assets at 30 September 2012. Management has performed a review for indicators of impairment as at 30 September 2012. There is no indication that the goodwill may be impaired. The annual impairment test will be performed at 31 March 2013.

### 9. Property, plant and equipment

In the period there were additions to property, plant and equipment of £91.9m (2011: £48.7m) and disposals with a net book value of £0.1m (2011: £0.2m).

Capital commitments contracted but not provided for by the Group amounted to £37.8m (2011: £18.9m).

#### Impairment testing

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where indicators of impairment are identified, an impairment review is performed to compare the assets' value-in-use to their carrying values.

For the six months ended 30 September 2012, a net impairment charge of £2.4m (2011: £nil) was identified.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONTINUED

### 10. Trade and other receivables

	As at 30 September 2012 £m	As at 30 September 2011 £m	As at 31 March 2012 £m
Non-current			
Deposits and prepayments	23.4	17.3	22.3
Total non-current trade and other receivables	23.4	17.3	22.3
Current			
Trade receivables	144.7	135.1	103.0
Provision for doubtful debts	(8.2)	(13.0)	(7.6)
Net trade receivables	136.5	122.1	95.4
Other receivables	27.3	24.1	26.4
Prepayments and accrued income	27.5	30.8	23.4
Total current trade and other receivables	191.3	177.0	145.2
Total trade and other receivables	214.7	194.3	167.5

### 11. Trade and other payables

	As at 30 September 2012 £m	As at 30 September 2011 £m	As at 31 March 2012 £m
Non-current			
Deferred consideration	–	1.1	1.1
Put option liability over non-controlling interest	45.5	51.5	57.8
Other creditors, accruals and deferred income	50.7	36.9	46.0
Total non-current trade and other payables	96.2	89.5	104.9
Current			
Trade creditors	132.8	110.3	118.8
Other taxes and social security costs	23.9	20.3	23.3
Deferred consideration	1.0	13.5	1.1
Other creditors	150.3	23.8	5.8
Accruals and deferred income	150.2	141.9	175.4
Total current trade and other payables	458.2	309.8	324.4
Total trade and other payables	554.4	399.3	429.3

#### Put option liability over non-controlling interest

Sparkle Roll Holdings Limited, a non-Group company, holds a 15% economic interest in the Group's retail business in China. Put and call options exist over this interest stake which are exercisable after 1 September 2015 in the case of the call option, and after 1 September 2020 in the case of the put option. The net present value of the put option has been recognised as a non-current financial liability under IAS 39.

The fair value of the put option has been derived using a present value calculation, incorporating observable and non-observable inputs. The key inputs applied in arriving at the value of the put option are the future performance of the Group and that of the Group's business in China; the Burberry Group plc market capitalisation at the date of exercise; and the risk adjusted discount rate for China, taking into account the risk free rate in China.

The value of the put option liability is £45.5m at the period end (30 September 2011: £51.5m; 31 March 2012: £57.8m).

The key inputs applied in calculating the fair value of the put option at 30 September 2012 have been derived using an approach consistent with that applied at 31 March 2012. The reduction in liability in the period largely reflects lower long term growth assumptions in China for the luxury goods market.

#### Other creditors

The Group has an obligation to make a payment to Interparfums SA of €181.2m on 31 December 2012, in relation to the termination of the fragrance and beauty licence relationship. The liability arising from the termination has been included in Other Creditors. The carrying value of this liability at the spot rate of €1.25: £1 at 30 September 2012 is £144.4m. Refer to notes 4 and 8 for further details of this transaction.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONTINUED

### 12. Provisions for other liabilities and charges

	Property obligations £m	Restructuring costs £m	Other costs £m	Total £m
As at 1 April 2012	18.5	3.5	1.3	23.3
Effect of foreign exchange rate changes	(0.2)	(0.1)	–	(0.3)
Created during the period	3.1	–	0.8	3.9
Utilised during the period	(1.0)	(0.6)	(0.3)	(1.9)
Released during the period	(0.2)	(0.7)	–	(0.9)
As at 30 September 2012	<b>20.2</b>	<b>2.1</b>	<b>1.8</b>	<b>24.1</b>
As at 30 September 2011	11.9	6.5	1.8	20.2

	As at 30 September 2012 £m	As at 30 September 2011 £m	As at 31 March 2012 £m
Analysis of total provisions:			
Non-current	<b>17.9</b>	10.1	15.1
Current	<b>6.2</b>	10.1	8.2
Total	<b>24.1</b>	20.2	23.3

### 13. Bank overdrafts and borrowings

	As at 30 September 2012 £m	As at 30 September 2011 £m	As at 31 March 2012 £m
Unsecured			
Bank overdrafts	<b>141.8</b>	152.9	207.3
Bank borrowings	<b>0.8</b>	0.8	0.8
Other borrowings	<b>0.5</b>	0.6	0.5
Total	<b>143.1</b>	154.3	208.6

Included within bank overdrafts is £138.1m (2011: £151.5m) representing balances on cash pooling arrangements in the Group. The remaining overdrafts of £3.7m (2011: £1.4m) are provided by a number of committed and uncommitted arrangements agreed with third parties.

On 28 March 2011, a £300m multi-currency revolving credit facility was agreed with a syndicate of third party banks. At 30 September 2012, there were no outstanding drawings (2011: £nil). Interest is charged on this facility at LIBOR plus 0.90% on drawings less than £100m, at LIBOR plus 1.05% on drawings between £100m and £200m and at LIBOR plus 1.20% on drawings over £200m. The facility matures on 30 June 2016.

### 14. Share capital and other reserves

	Number of shares million	Share capital £m
Allotted, called up and fully paid share capital		
As at 1 April 2012	438.8	0.2
Allotted on exercise of options during the period	3.1	–
As at 30 September 2012	441.9	0.2

#### Other reserves

The cost of own shares held by the Group has been offset against retained earnings, as the amounts paid reduce the profits available for distribution by the Company. As at 30 September 2012 the amount held against this reserve was £70.0m (2011: £23.8m).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONTINUED

### 15. Related party disclosures

The Group's significant related parties are disclosed in the Annual Report for the year ended 31 March 2012. There were no material changes to these related parties in the period. Other than total compensation in respect of key management, no material related party transactions have taken place during the first six months of the current financial year.

### 16. Foreign currency

The results of overseas subsidiaries are translated into the Group's presentation currency of Sterling each month at the weighted average exchange rate for the period according to the phasing of the Group's trading results. The weighted average exchange rate is used, as it is considered to approximate the actual exchange rates on the dates of the transactions. The assets and liabilities of such undertakings are translated at period end exchange rates. Differences arising on the retranslation of the opening net investment in subsidiary companies, and on the translation of their results, are taken directly to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The principal exchange rates used were as follows:

	Average		
	Six months to 30 September 2012	Six months to 30 September 2011	Year to 31 March 2012
Euro	<b>1.25</b>	1.14	1.16
US dollar	<b>1.58</b>	1.62	1.60
Hong Kong dollar	<b>12.27</b>	12.68	12.38
Korean won	<b>1,810</b>	1,757	1,775
Chinese Yuan Renminbi	<b>10.02</b>	10.46	10.15

	Closing		
	As at 30 September 2012	As at 30 September 2011	As at 31 March 2012
Euro	<b>1.25</b>	1.16	1.20
US dollar	<b>1.62</b>	1.56	1.60
Hong Kong dollar	<b>12.53</b>	12.18	12.41
Korean won	<b>1,797</b>	1,848	1,811
Chinese Yuan Renminbi	<b>10.15</b>	9.99	10.07

The average exchange rate achieved by the Group on its Yen royalty income, taking into account its use of Yen forward exchange contracts on a monthly basis approximately twelve months in advance of royalty receipts, was Yen 125.3: £1 in the six months ended 30 September 2012 (six months ended 30 September 2011: Yen 134.8: £1; year ended 31 March 2012: Yen 133.1: £1).

### 17. Discontinued operations and assets classified as held for sale

A credit of £0.1m was recognised through net operating expenses in the discontinued Spanish operation relating to the release of restructuring provisions in the six months ended 30 September 2012. The Spanish operations have been treated as discontinued from 31 March 2011, and the results have been shown separately from the results of the Group's continuing operations.

#### Assets classified as held for sale

In September 2010, £17.0m of assets were reclassified to assets held for sale, representing the carrying value of the freehold properties in Spain.

During the six months ended 30 September 2012, an asset classified as held for sale with a carrying value of £0.1m was sold, for a price of £0.1m. The remaining property, which has been written down to its fair value less cost to sell, has a carrying value of £7.8m at 30 September 2012 (30 September 2011: £13.2m; 31 March 2012 £8.3m).

Management remains committed to selling this property and continues to actively market this asset as such.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors' confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the Interim Management Report and condensed consolidated interim financial statements include a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report.

The directors of Burberry Group plc are listed in the Burberry Group plc Annual Report for the year ended 31 March 2012. A list of current directors is maintained on the Burberry Group plc website: [www.burberryplc.com](http://www.burberryplc.com).

By order of the Board

John Peace  
Chairman  
6 November 2012

Stacey Cartwright  
Executive Vice President, Chief Financial Officer  
6 November 2012

## INDEPENDENT REVIEW REPORT TO BURBERRY GROUP PLC

### Introduction

We have been engaged by the Company to review the condensed consolidated interim financial statements in the interim report for the half-year ended 30 September 2012, which comprises the Condensed Group Income Statement, Condensed Group Statement of Comprehensive Income, Condensed Group Balance Sheet, Condensed Group Statement of Changes in Equity, Condensed Group Statement of Cash Flows and the related notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

### Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial statements included in this interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the interim report for the half-year ended 30 September 2012 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London 6 November 2012

(a) The maintenance and integrity of the Burberry Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial report since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions



## SHAREHOLDER INFORMATION

### General shareholder enquiries

Enquiries relating to shareholding, such as the transfer of shares, change of name or address, lost share certificates or dividend cheques, should be referred to the Company's Registrar, Equiniti using the details below:

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

Telephone: 0871 384 2839. Calls to this number are charged at 8p per minute from a BT landline, other telephony provider costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday.

Please dial +44 121 415 7047 if calling from outside the UK or see [help.shareview.co.uk](http://help.shareview.co.uk) for additional information.

### American Depository Receipts

Burberry has a sponsored Level 1 American Depository Receipt (ADR) programme to enable US investors to purchase ADRs in US Dollars. Each ADR represents two Burberry ordinary shares.

For queries relating to ADRs in Burberry, please use the following contact details:

Deutsche Bank Trust Company Americas  
c/o American Stock Transfer & Trust Company  
Peck Slip Station  
PO Box 2050  
New York, NY 10272-2050  
Tel: toll free within the US: +1 800 301 3517  
Tel: International: +1 (718) 921 8137  
Email enquiries: [DB@amstock.com](mailto:DB@amstock.com)

### Dividends

The interim dividend of 8.00p per share will be paid on 25 January 2013 to shareholders on the register at the close of business on 21 December 2012.

Dividends can be paid by BACS directly into a UK bank account, with the tax voucher being sent to the shareholder's address. A dividend mandate form is available from Equiniti or at [shareview.co.uk](http://shareview.co.uk).

### Dividends payable in foreign currencies

Equiniti are able to pay dividends to shareholders in over 30 countries worldwide through the Overseas Payment Service. An administrative fee will be deducted from each dividend payment. Further details can be obtained from Equiniti or online at [shareview.co.uk](http://shareview.co.uk).

### Dividend Reinvestment Plan

Burberry's Dividend Reinvestment Plan (DRIP) enables shareholders to use their dividends to buy further shares in the Company. Full details of the DRIP can be obtained from Equiniti. If shareholders would like their interim dividend for 2013 and future dividends to qualify for the DRIP, completed application forms must be received by Equiniti by 4 January 2013.

### Duplicate accounts

Shareholders who have more than one account due to inconsistency in account details may avoid duplicate mailings by contacting Equiniti and requesting the amalgamation of their share accounts.

### Electronic Communication

Shareholders may at any time choose to receive all shareholder documentation in electronic form via the internet, rather than in paper format. Shareholders who decide to register for this option will receive an email each time a shareholder document is published on the internet. Shareholders who wish to receive documentation in electronic form should register online at [shareview.co.uk](http://shareview.co.uk).

Equiniti offers a range of shareholder information and online at [www.shareview.co.uk](http://www.shareview.co.uk). A textphone facility for those with hearing difficulties is available by calling: 0871 384 2255. Calls to this number are charged at 8p per minute from a BT landline, other telephony provider costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday. Please call +44 121 415 7028 if calling from outside the UK.

### Financial calendar

Interim results announcement	7 November 2012
Dividend record date	21 December 2012
Third quarter trading update	15 January 2013
Dividend payment date	25 January 2013
Second half trading update	April 2013
Preliminary results announcement	May 2013
Annual General Meeting	July 2013

Registered office  
Burberry Group plc  
Horseferry House  
Horseferry Road  
London  
SW1P 2AW

### Registered in England and Wales

Registered Number 03458224

[burberryplc.com](http://burberryplc.com)

### Share dealing

Burberry Group plc shares can be traded through most banks, building societies or stock brokers.

Equiniti offers a telephone and internet dealing service. Terms and conditions and details of the commission charges are available on request. For telephone dealing please telephone 08456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealing visit [shareview.co.uk/dealing](http://shareview.co.uk/dealing). Shareholders will need their reference number which can be found on their share certificate.

## SHAREHOLDER INFORMATION

### ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating their shares to charity through ShareGift, a donation scheme operated by The Orr Mackintosh Foundation. A ShareGift donation form can be obtained from Equiniti. Further information is available at [www.sharegift.org](http://www.sharegift.org) or by telephone on 0207 930 3737.

### Share price information

The latest Burberry Group plc share price is available on the Company's website at [burberryplc.com](http://burberryplc.com).

### Unauthorised brokers (boiler room scams)

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as boiler rooms.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting: [fsa.gov.uk/register/](http://fsa.gov.uk/register/)
- Report the matter to the FSA either by calling 0845 606 1234 or visiting: [fsa.gov.uk/pages/consumerinformation](http://fsa.gov.uk/pages/consumerinformation)
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at:

[fsa.gov.uk/Pages/Doing/Regulated/Law/Alerts/form.shtml](http://fsa.gov.uk/Pages/Doing/Regulated/Law/Alerts/form.shtml)

Details of any share dealing facilities that the company endorses will be included in company mailings.

More detailed information can be found on the FSA website at [fsa.gov.uk/pages/consumerinformation](http://fsa.gov.uk/pages/consumerinformation).

### Website

This Interim Report and other information about the Company, including share price information and details of results announcements, are available on the Company's website at [burberryplc.com](http://burberryplc.com).