

Burberry Group plc

First Quarter Trading Update

12 July 2006. Burberry Group plc reports on trading for the first quarter ended 30 June 2006.

Highlights

- Total revenue increased 12% on an underlying* basis
- Retail sales rose 19% underlying driven by new and existing stores
- Wholesale revenues increased 2% underlying
 - Burberry continues to anticipate a low single digit percentage underlying increase in wholesale sales for the first half
- Licensing revenue increased 11% underlying

Revenue by geographical origin (statutory accounts format)

£ million	First Quarter to 30 June		% change
	2006	2005	
Europe	44	39	14
Spain	15	12	27
North America	36	32	12
Asia	41	31	30
Total	135	114	19

Revenue by channel of distribution

£ million	First Quarter to 30 June		% change	
	2006	2005	Reported	Underlying*
Retail	82	61	35	19
Wholesale	38	39	(3)	2
Licence	16	14	11	11
Total	135	114	19	12

* Underlying figures exclude the financial effect of the Taiwan Acquisition and the portion of Burberry's business in Spain affected by the retail conversion, in both reporting periods. In addition, underlying figures are calculated at the same exchange rates used in the 2005/06 year's reported results for the period. Burberry completed the acquisition of the operations and assets of its distributors in Taiwan in August 2005 (the "Taiwan Acquisition") and initiated actions related to the retail conversion in Spain during the third quarter of 2005/06.

Commenting on the trading results, Angela Ahrendts, Chief Executive Officer, stated, *"The strong first quarter results reflect the continued momentum of Burberry's retail operations across our primary product categories and geographical regions. As a whole, performance in this period is consistent with expectations for the full financial year."*

Total revenue

Total revenue in the first quarter increased 12% on an underlying basis (i.e. adjusted for (i) the Taiwan acquisition, (ii) the portion of Burberry's business in Spain affected by the retail conversion and (iii) exchange rate differences). The Taiwan acquisition and Spain retail conversion shift sales from Burberry's wholesale channel to its retail channel. In determining underlying performance, the financial effects of the relevant businesses are excluded from both reporting periods. Total reported revenue increased 19% in the first quarter.

Retail

Retail sales accounted for approximately 61% of total reported revenue in the quarter.

Retail sales in the period increased 19% underlying, 35% reported, driven by contributions from newly opened stores and strong gains at existing stores. All three major product categories performed well in the period. The Taiwan acquisition and Spain retail conversion contributed approximately 14 percentage points of the reported gain. During the quarter, Burberry opened a store in Atlantic City (New Jersey), a replacement store in Taipei and one outlet store. The Group also opened two accessory concessions in Spain. On a year on year basis, underlying average net retail selling space increased approximately 10% in the quarter. Burberry remains on schedule to increase underlying net retail selling space by a minimum of 10% for the financial year.

Retail performance was generally strong across the regions. In the US, new and refurbished stores, supplemented by gains at existing locations, drove sales growth. With ongoing momentum at existing stores, the majority of Continental European markets achieved strong gains. In the UK, existing stores produced a double digit increase in the period. Asia demonstrated continued underlying strength primarily on the performance of existing stores.

Wholesale

Wholesale sales accounted for approximately 28% of total reported revenue in the quarter.

In the period, total wholesale sales increased 2% on an underlying basis, and declined 3% reported. The majority of autumn/winter product shipments are concentrated in the second quarter of each financial year. Burberry continues to anticipate a low single digit percentage underlying increase in first half wholesale sales relative to the previous year. On a reported basis, the Spain retail conversion will result in a shift of sales from Burberry's wholesale channel to its retail channel in the first half.

In conjunction with a local partner, the Group opened a net one franchise store in China during the quarter.

Licensing

Total licence revenue in the quarter increased 11% on both an underlying and reported basis. In Japan, licence revenue achieved a solid underlying gain reflecting modest volume growth and increases in certain royalty rates.

Burberry continues to expect a moderate underlying revenue decline in Japan for the full financial year as a result of licence transitions and other ongoing efforts to enhance brand positioning in this market. Strong growth in product licence revenue was led by fragrances, which benefited from the successful launch of Burberry London for women during spring 2006. Burberry London for men is scheduled to launch in autumn 2006.

Burberry will provide a first half trading update on 11 October and release interim results for the six months to 30 September 2006 on 14 November.

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The financial information contained in this Trading Update has not been audited.

Certain statements made in this Trading Update 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.

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