THE HOUSE THAT TED BUILT

REPORT & ACCOUNTS 2006/07

TED BAKER
LONDON

GUILD OF EXCELLENCE

TB

TED BAKER

LONDON

No Ordinary Craftsman

Contents page

Ted's advisers

Registered Office: The Ugly Brown Building, 6a St Pancras Way, London NW1 OTB
Secretary: Charles Anderson ACMA
Financial Advisers and Stockbrokers: Investec Investment Banking, 2 Gresham Street, London EC2V 7QP
Solicitors: Jones Day, 21 Tudor Street, London EC4Y ODJ
Auditors: KPMG Audit Plc, 8 Salisbury Square, London EC4Y 8BB
Bankers: The Royal Bank of Scotland PLC, 62-63 Threadneedle Street, London EC2R 8LA
Registrars: Capita IRG PLC, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Ted Baker PLC - Registered in England No: 3393836

Chairman's Statement

I am pleased to report another year of strong results for Ted Baker. Growth, both in the UK and internationally was supported by our continued multi-channel distribution strategy. The year saw a particularly strong performance in the retail and licence divisions with retail sales increasing by 11.4% and licence income increasing by 14.3%. Wholesale sales fell by 3.5% reflecting the difficult market conditions experienced by some of our wholesale trustees.

I would like to take this opportunity to thank the team at Ted Baker for its hard work during the year. The passion, commitment and dedication of our teams continue to drive the business forward in what is an exciting period for the Group.

Results

Group revenue increased by 6.6% to £125.6m (2006: £117.8m) for the 52 weeks ended 27 January 2007. Operating profit increased by 9.4% to £20.0m (2006: £18.3m) and profit before tax increased by 9.2% to £20.0m (2006: £18.4m). Basic earnings per share increased by 10.8% to 33.9p per share (2006: 30.6p per share).

Dividends

The Board is pleased to recommend a final dividend of 10.3p per share (2006: 8.2p per share) making a total for the year of 14.6p per share (2006: 12.1p per share) an increase of 20.7% on the previous year. The directors feel it is appropriate to recommend a more progressive dividend policy to reflect the strong cash generation of the business. The final dividend will be payable on 22 June 2007 to those shareholders on the register on 18 May 2007.

Share Buy-back

In line with market practice, the Company will seek to renew the authority from shareholders to buy back up to 10% of the ordinary issued share capital of the Company in the next twelve months. As the exercise of such authority could give rise to an obligation on the part of Ray Kelvin, Founder and Chief Executive of the Company, to make a mandatory offer under Rule 9 of The City Code on Takeovers and Mergers, such authority will also be conditional on the Panel on Takeovers and Mergers agreeing to grant a dispensation from that obligation. Further details of this will be sent out in a letter accompanying the Notice of Meeting.

Current Trading and Outlook

The reaction to our Spring Summer 2007 collection has been encouraging with total retail sales ahead by 12.1% for the first seven weeks, compared with the same period last year. Retail square footage was some 7.8% higher at the start of the current financial year compared to last year. We plan to open stores in Gatwick North and Brighton this year and expect retail square footage to increase by some 10,000 square feet in total. Our retail licencees have opened a third store in Dubai and one in Kuala Lumpur, Malaysia since the end of the year.

Wholesale sales were 11.2% ahead of the same period last year. Whilst this improvement is encouraging, it is against a weak comparative and we anticipate that conditions will remain difficult for some of our wholesale customers. We have also taken action in respect of certain customers where their profile is no longer appropriate for our brand. As a result, we expect wholesale sales to be slightly below the level achieved last year.

We have made an encouraging start to the current year and the Ted Baker brand is in excellent health. At this early stage we remain confident of another year of growth and development.

Robert Breare
Non-Executive Chairman

Elevation: Time waits for no man...

01

Always one to progress Ted has been setting up home in some new and exciting places

02

COMMENTS:	SCALE:	DATE:		ARCHITECT:
Ted's had a busy time over the last 12 months opening stores as far afield as Hong Kong, Bangkok, Dubai, and Orange County.	1:25	TUESDAY	06	TED BAKER LONDON
03		APRIL 2006		
	ELEVATION TIME/FIREPLACE:TEDBAKER/APRIL06			

Chief Executive's Review

I am delighted to report another year of strong growth for the Group. The brand's performance in the UK has once again been strong and Ted Baker continues to develop its global presence. During the year we opened a store in Southern California and our licence partners opened six stores, in Dubai (2), Singapore, Bangkok, Jakarta and Hong Kong.

Quality, design and attention to detail are key strengths of the Ted Baker brand and we remain focused on these areas. These strengths are not only seen in our products but are evident across our stores and working environments and underpin our culture. We continue to maintain close control of our brand as we expand internationally.

Global Group Performance

Retail

The retail division performed strongly during the year with sales growth up 11.4% to £89.2m (2006: £80.1m). Average retail square footage rose by 7.5% over the period to 147,861 sq.ft. (2006: 137,538 sq.ft.). At 27 January 2007, total retail square footage was 152,937 sq.ft. (2006: 141,022 sq.ft.), representing an increase of 8.4%. Retail sales per square foot increased from £582 to £603 as our newer space and overseas stores continue to mature.

Wholesale

In the interim statement we reported that some of our trustees had experienced difficult market conditions, which would impact on our wholesale performance for the year. Wholesale sales for the year were £36.5m (2006: £37.8m), representing a decline of 3.5%. This outturn was better than anticipated at the half year due to an improved performance in the second half.

Licence income

Ted Baker operates two types of licences: territorial licences covering North America, the Middle East, Asia, Australia and New Zealand; and product licences covering lingerie, eyewear, perfume & fragrance, watches and footwear.

Licence income for the year was up 14.3% to £4.0m (2006: £3.5m) and we were particularly pleased with the performances of our perfume and fragrance licencee and of our footwear licencee who both delivered above average growth.

Our other product and territorial licencees continue to perform in line with our expectations.

Collections

Ted Baker Menswear enjoyed good growth in the period with sales up 7.5% to £71.4m (2006: £66.4m). Menswear represented 56.8% of total sales (2006: 56.4%).

Ted Baker Womenswear enjoyed good growth in the period with sales up 6.6% to £48.9m (2006: £45.9m). Womenswear represented 39.0% of total sales (2006: 39.0%).

Sales of other collections, comprising Childrenswear and Footwear were £5.3m (2006: £5.5m) and these collections represented 4.2% of our total sales (2006: 4.6%).

United Kingdom & Europe

Our UK & Europe retail division performed strongly during the year with sales up 9.2% to £80.0m (2006: £73.2m).

Average square footage rose by 5.1% over the period to 125,333 (2006: 119,304). At 27 January 2007, total retail square footage was 128,481 (2006: 120,461) representing an increase of 6.7%. Retail sales per square foot increased from £614 to £638.

In November 2006, we opened a store in Bath on Milsom Street, a premier street in the City centre. Situated in a 2,100 sq ft listed building, the store houses both the Ted Baker menswear and womenswear collections. We also opened 12 new concessions during the year in leading department stores.

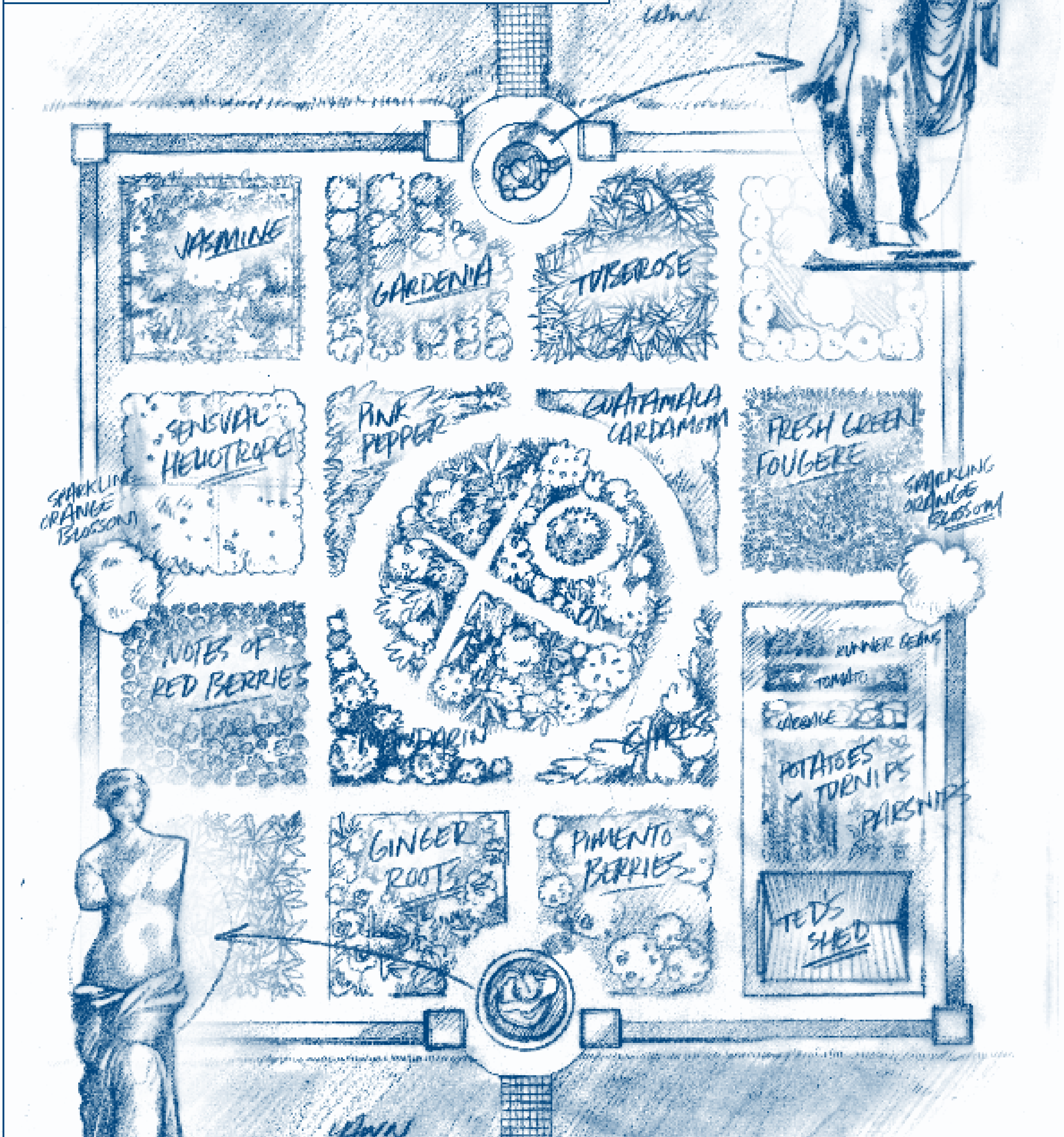
At 27 January 2007, we operated 21 stores (2006: 20), 78 concessions (2006: 68) and 8 outlet stores (2006: 8).

Elevation: Ted's Xo fragrance garden

01

02

Years of tending have paid off to leave us rewarded with this beautiful scent (as well as a fine crop of veggies!)



03

SCALE:	DATE:		ARCHITECT:
1:50	THURSDAY	11	TED BAKER LONDON
	AUGUST 2006		
ELEVATION GARD/LOVE:TEDBAKER/AUGUST06			

In November 2006, Ted Baker's new website went live. Our new transactional website has undergone a complete redesign, offering our customers a more user-friendly interface with a wider product range. The site offers the largest range of Ted Baker collections and customer reaction has been positive. We have seen a significant increase in activity compared to the previous site.

US

Our US retail division performed strongly during the year with sales up 35.2% to £9.2m (2006: £6.8m). We continue to develop our presence in the United States and in May 2006 opened our second largest US store, in Southern California's luxury shopping destination, South Coast Plaza. We now have 7 stores across the United States and will continue to review suitable opportunities to open further stores as they arise.

Average square footage rose by 23.5% over the period to 22,528 (2006: 18,234). At 27 January 2007, total retail square footage was 24,456 (2006: 20,561) representing an increase of 18.9%. Retail sales per square foot increased from £374 to £409.

Our US wholesale licencee, Hartmarx Corporation, continues to make progress. During the year, a sub-licence was granted to Swank Inc for men's small leather goods and jewellery and progress to date has been encouraging.

Middle East and Asia

In the second quarter of 2005, we signed territorial licence agreements with RSH Limited and Li & Fung Group of Companies to develop our brand across the Middle East and Asia.

Our expansion in these territories has commenced with the opening of six licensed stores in Dubai (2), Singapore, Bangkok, Jakarta and Hong Kong. The initial reaction from customers has been promising and expansion will continue at a similar level in the current year.

Although the financial impact of these new stores is not material in the year, they represent significant progress in our global expansion. The stores were designed by our in-house design teams and we have been closely involved in the visual merchandising of the stores and the training of the retail teams to ensure these new stores effectively reflect the culture and ethos of the brand.

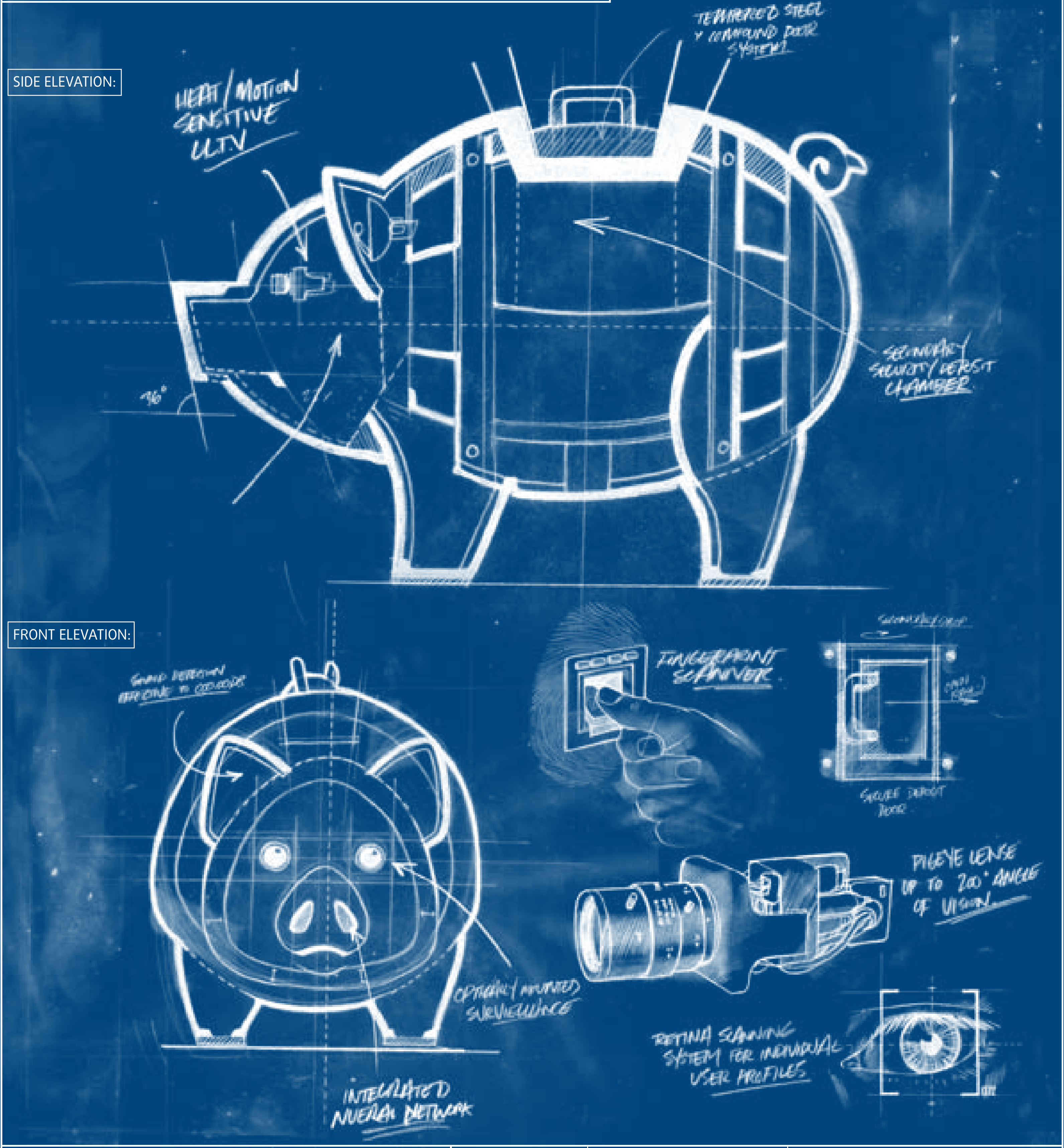
Ray Kelvin
Chief Executive

Elevation: Chub OINK/3000

01

Ted's always looking after the pennies

02



DETAIL:	SCALE:	DATE:		ARCHITECT:
The pig that is as tough as crackling	1:85	MONDAY	30	TED BAKER LONDON
03		JANUARY 2007		
	ELEVATION PIG/BANK:TEDBAKER/JANUARY 2007			

Finance Director's Report

We continue to focus on margin led growth and strong cash management. Our net margin before taxation increased to 16.0% (2006: 15.6%) and opening cash and cash equivalents of £10.1m improved to closing cash and cash equivalents of £13.5m.

Gross Margin

Retail gross margins were slightly below last year at 65.0% (2006: 66.1%). As previously reported in the interim statement the margins in the first half were 1.6% below last year. In the second half, the retail margin was 65.7% against 66.1% reflecting a higher proportion of sales being generated in the United States. The wholesale gross margin was slightly up at 42.9% (2006: 42.2%). The composite gross margin improved to 58.6% (2006: 58.4%) mainly reflecting a change in mix towards a higher proportion of retail sales.

Operating Expenses

Operating expenses rose by 6.8% to £58.0m (2006: £54.3m). Distribution costs, which include the costs of retail stores, outlets and concessions increased by 6.1% to £41.4m (2006: £39.0m), which was below the increase in average retail selling space. Administration expenses increased by 8.5% to £16.6m (2006: £15.3m), largely reflecting the growth in the business activity and our support of the retail business in the Middle East and Asia.

Finance Income and Expenses

The net interest income during the year was above last year at £0.1m (2006: nil) reflecting continued generation of cash from operations. This was offset by a small foreign exchange loss, compared to a gain in the prior year, as a result of the weakening dollar.

Taxation

The tax charge for the year was £5.6m (2006: £5.4m), an effective tax rate of 28.1% (2006: 29.6%). The effective rate was lower due to a deferred tax adjustment on the recognition of tax losses in overseas subsidiaries.
Our underlying effective rate was 30.9%.

Cash Flow and Working Capital

Net cash generated from operating activities was £13.9m (2006: £15.1m) primarily reflecting higher working capital requirements.

Inventory levels increased by £4.7m or 18.5% largely reflecting the planned growth in the business for the current year. As expected, due to a disappointing wholesale performance, inventory levels also include a slightly higher level of prior season stock. We have made appropriate provisions for this stock which will be dealt with through the usual channels.

Capital expenditure was £5.0m (2006: £5.1m) and largely comprised investment in new retail stores and our second distribution facility.

Shareholder Return

Basic earnings per share increased by 10.8% to 33.9p per share (2006: 30.6p per share) and the proposed dividend per share increased by 25.6% from 8.2p to 10.3p. Free cash flow per share reduced by 8.4% from 35.6p to 32.6p, primarily reflecting higher inventory levels at the year-end.

Treasury and Risk Management

The principal risks to the Group arise from exchange rate and interest rate fluctuations. The Board reviews and agrees policies for managing these risks on a regular basis. Where appropriate, the Group uses financial instruments to mitigate these risks. All transactions in derivatives, principally forward foreign exchange contracts, are taken solely to manage these risks. No transactions of a speculative nature are entered into.

The most significant exposure to foreign exchange fluctuations relates to purchases in foreign currencies. The Group's policy is to hedge substantially all the risks of such currency fluctuations by using forward contracts taking into account forecast foreign currency cash inflows and outflows. There has been no change since the year-end to the major financial risks faced by the Group or the Group's approach to the management of those risks.

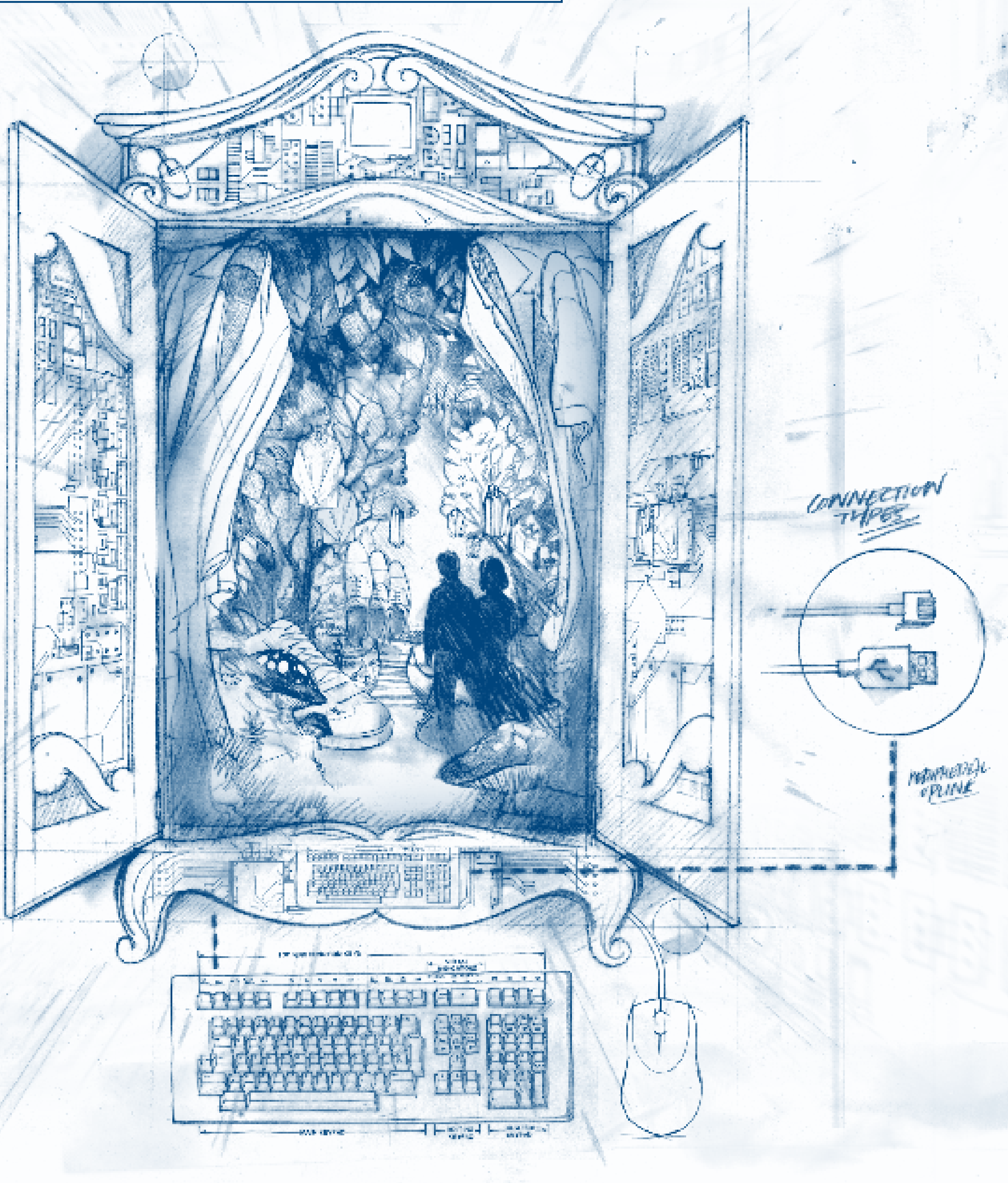
Lindsay Page
Finance Director

Elevation: (www.) Wonderful Wardrobes Worldwide

01

Since opening it's doors people have found a whole lot more to Ted's world

02



COMMENTS:	SCALE:	DATE:		ARCHITECT:
Ted thought it only right that he shared his world with all four corners of the globe.	1:25	TUESDAY	21	TED BAKER LONDON
03		OCTOBER 2006		
	ELEVATION WWW/WARDROBE:TEDBAKER/OCTOBER06			

Board Of Directors

Robert Breare – Non-Executive Chairman (54)

Robert has extensive experience of consumer facing businesses and was formerly a director of Arcadian International Plc. Robert is chairman of Individual Restaurant Company plc, chief executive of Merchant Inns Plc and holds a number of non-executive positions. He is chairman of the audit committee and the nomination committee and a member of the remuneration committee. Robert is an independent director.

Raymond Stuart Kelvin – Chief Executive (51) ('Closest Man To Ted')

Ray, the founder of Ted Baker, has worked in the fashion industry for over 34 years. In 1973 he founded PC Clothing Limited, a supplier of womenswear to high street retailers. In 1987 Ray developed the Ted Baker brand and has been chief executive of Ted Baker since its launch in 1988.

Lindsay Dennis Page, MA, ACA – Finance Director (48)

Lindsay joined Ted Baker as finance director in February 1997. He joined Binder Hamlyn in 1981, became a founder member of the corporate finance department in 1986 and a partner in 1990. Binder Hamlyn subsequently merged with Arthur Andersen in 1994.

David Alan Bernstein – Non-Executive (63)

David is non-executive chairman of Blacks Leisure plc, Frank Thomas Limited and Sports and Leisure Group Ltd and a non-executive director of Wembley National Stadium Limited and Carluccios plc. Previously he was joint managing director of Pentland Group Plc and chairman of French Connection plc and Manchester City plc. He is a member of the remuneration, audit and nomination committees. David is an independent director.

David Bruce Hewitt – Non-Executive (74)

David spent the major part of his career with Thorn EMI and became managing director of its Ferguson division in 1982. In 1985 he joined Comet PLC as its chairman. He has held a number of non-executive positions. He is chairman of the remuneration committee and a member of the audit and nomination committees. David is an independent director and the senior non-executive director.

Directors' Report

The directors present their annual report on the affairs of the Group, together with the accounts and auditors' report, for the 52 weeks ended 27 January 2007. The comparative period is for the 52 weeks ended 28 January 2006.

Principal Activities

Ted Baker is a leading designer brand and the principal activities of the Group comprise the design, wholesale and retail of menswear, womenswear, childrenswear and related accessories. The subsidiary undertakings principally affecting the profits and net assets of the Group in the period are listed in note 12 to the accounts. The Group also has branches operating overseas in Ireland and Denmark.

Business Review

Business objectives and strategy

Ted Baker is a leading designer brand that operates through three main distribution channels: retail; wholesale; and licensing. We offer a wide range of collections including: Menswear; Womenswear; Global; Endurance; Accessories; Childrenswear; Fragrance and Skinwear; Footwear; Eyewear; and Watches.

Our strategy is to become a leading global designer brand, based on three main elements:

- considered expansion of the Ted Baker collections. We review our collections continually to ensure we react to trends and meet our customers expectations. In addition, we look for opportunities to extend the breadth of collections and enhance our offer,
- controlled distribution through three main channels: retail; wholesale; and licensing. We consider each new opportunity to ensure it is right for the brand and will deliver margin led growth; and
- carefully managed development of overseas markets. We continue to manage growth in existing territories while considering new territories for expansion.

Underlying our strategy is an emphasis on design, product quality and attention to detail, which is delivered by the passion, commitment and dedication of our teams, licence partners and wholesale customers (trustees).

Performance and outlook

Our performance against for the 52 weeks ended January 2007 and an overview of current trading and outlook for the current year are included within the Chairman's Statement, the Chief Executive's Review and the Finance Director's Report on pages 7 to 13. Within these reports we make reference to a number of key performance indicators which we use across the Group, the main ones being:

- sales growth;
- retail sales per square foot;
- net margin before taxation;
- earnings per share; and
- free cashflow per share.

Risks

There are a number of risks and uncertainties that face the Group, which are monitored by the Risk Committee. Although not exhaustive, the following list highlights some of the main issues:

- as with all fashion brands, our teams are constantly striving to ensure that our offer is fashionable;
- we rely on our teams, trustees and partners to protect our brand and ensure that it is presented in an appropriate way. This risk is minimised by careful consideration of each new opportunity and each partner with whom we do business;
- we may face increases in our operating costs due to growth in payroll, property and other costs, some of which may be outside the scope of our control;
- the risks arising from exchange rate and interest rate fluctuations, although these are minimised through the use of financial instruments;
- operational problems including disruption to the infrastructure that supports our business; and
- we recognise the importance of our teams within the business and have put in place a structure that minimises reliance on key individuals.

The role of the Risk Committee is summarised in more detail in the Internal Control section on page 23.

Results And Dividends

The audited accounts for the 52 weeks ended 27 January 2007 are set out on pages 33 to 56. The Group profit for the 52 weeks, after taxation, was £14,416,000 (2006: £12,919,000). The directors recommend a final dividend of 10.3p per ordinary share (2006: 8.2p) payable on 22 June 2007 to ordinary shareholders on the register on 18 May 2007 which, together with the interim dividend of 4.3p per share (2006: 3.9p per share) paid on 24 November 2006, makes a total of 14.6p per share for the period (2006: 12.1p per share).

Directors

Details of the directors' beneficial interests in the shares of the Company and their options are given in the Director's Remuneration Report. Brief details of the career of each director are set out on page 15.

Mr R. S. Kelvin, Mr D. A. Bernstein and Mr D. B. Hewitt will retire by rotation at the next annual general meeting and, being eligible, will offer themselves for re-election.

Substantial Shareholdings

On 21 March 2007, the Company had been notified, in accordance with sections 198 to 208 of the Companies Act 1985, of the following interests in the ordinary share capital of the Company:

Name Of Holder	Number	% Held
R S Kelvin	16,537,276	38.3
Schroder Investment Management Limited	3,867,391	9.0
Fidelity Investments	3,412,660	7.9
Legal & General Investment Management	1,604,063	3.7
Threadneedle Investments	1,478,700	3.4
UBS Global Asset Management	1,349,573	3.1
Scottish Widows	1,330,046	3.1

Directors' Interests

The directors who held office at 27 January 2007 had the following interests in the shares of Ted Baker PLC:

	% of share capital	27 January 2007 Beneficial	28 January 2006 Beneficial
R S Kelvin	38.3%	16,537,276	17,337,276
L D Page		293,837	293,837

No changes took place in the interests of directors between 27 January 2007 and 21 March 2007.

Purchase Of Own Shares

The Board exercised the authority approved by shareholders at the time of the last annual general meeting to buy back its own shares in the market.

In April 2006, the company purchased a total of 150,000 ordinary 5p shares at a price of 495p per share, which represented 0.35% of the issued share capital. In October 2006, the company purchased a total of 550,000 ordinary 5p shares at a price of 485p per share, which represented 1.27% of the issued share capital. At 27 January 2007, 550,000 shares were held in treasury.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Creditor Payment Policy

The Company's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not follow any code or statement on payment practice. The number of days' purchases outstanding for payment by the Group at the end of the year was 52 days (2006: 50 days). At the year end the Company had no trade creditors.

Donations

There were no donations during the period (2006: £Nil).

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee Practices

The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the significant factors affecting the performance of the Group. This is achieved through formal and informal meetings and employee representatives are consulted regularly on a wide range of matters affecting employees current and future interests. Employees are encouraged to join the Group's Save as you Earn scheme and are informed of the Group's financial performance regularly during the financial year as well being explained the financial and economic reasons behind the Group performance. The Group operates an annual performance review system with each employee to discuss personal and career development.

The Group belives in respecting individuals and their rights in the workplace. With this in mind, specific policies are in place covering harassment and bullying, whistle blowing, equal opportunities and data protection.

Social Responsibility

The Board has identified and assessed the significant risk to the Group's short term and long term value arising from social, environmental and ethical ('SEE') matters and the formal schedule of matters reserved to the Board takes account of SEE matters. L D Page, Finance Director, has been given specific responsibility for overseeing the formulation of the Group's policies and procedures for managing risks arising from SEE matters.

The Group is continually reviewing systems to reduce the effect on the environment of waste generated at the Group's sites and continues to recycle waste where possible, including paper, cans, plastic and cardboard. The Group complies with the Producer Responsibility Obligation (Packaging Waste) Regulations 1997 and is a member of the Wastepak Compliance Scheme. The Group is commited to energy efficiency and carried out a review during the year in conjunction with the Carbon Trust.

Health and Safety

The Group remains committed to ensuring a safe place to work and shop for all employees and customers. Annual risk assessments are carried out at all locations and a committee, comprised of representatives within the business and an external adviser, continue to review and resolve any health and safety issues.

Risk Management

The Company's policies on currency and interest rate risk are outlined in the Finance Director's report on page 13. Any exposure the Company faces in respect of credit risk is minimised by the use of credit risk insurance. Cash flow risk, liquidity risk and price risk are not considered to be significant risks to the business.

Director's Statement Regarding Disclosure of Information to Auditors

The directors who held office at the date of approval of this Director's Report comfirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to ensure the Board is aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The directors will place a resolution before the annual general meeting to re-appoint KPMG Audit Plc as auditors for the ensuing year.

The report was approved by the Board of Directors on 21 March 2007 and signed on its behalf by:

C F Anderson, Secretary, 21 March 2007
Registered office - The Ugly Brown Building, 6A St Pancras Way, London NW1 0TB

Corporate Governance Statements

Statement Of Compliance With The Combined Code

The Company has complied throughout the year with all of the provisions of the Combined Code on Corporate Governance issued in July 2003 ('the Combined Code').

Statement About Applying The Principles Of Good Governance

The Company has applied the principles of Good Governance set out in section 1 of the Combined Code by complying with the Code of Best Practice as reported above. Further explanation of how the principles have been applied is set out below and, in connection with directors' remuneration, in the Directors' Remuneration Report.

The Board

The Board currently comprises a non-executive chairman, a chief executive, one other executive director and two non-executive directors. Biographies of these directors appear on page 15.

David Hewitt has held the position of non-executive director since 1997 and has been confirmed by the Board as the Company's senior independent director. The Board recognises that he has served as a non-executive for 10 years, but remain satisfied that he is independent. All the non-executive directors are considered by the Board to be independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement.

The Board meets regularly throughout the year. It considers all issues relating to the strategy, direction and future development of the Group. The Board has a schedule of matters reserved to it for decision that is regularly updated. The requirement for Board approval on these matters is understood and communicated widely throughout the Group. The non-executive directors meet with the chairman separately during the year. In addition, the non-executive directors meet without the chairman present to appraise the chairman's performance.

Operational decision making, operational performance and the formulation of strategic proposals to the Board are controlled by an executive committee that comprises the chief executive, the finance director and subsidiary directors. The executive committee meets regularly throughout the year.

To enable the Board to function effectively and the directors to discharge their responsibilities, full and timely access is provided to all relevant information. There is an agreed procedure for directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access every director has to the Company Secretary.

Board And Committee Attendance

The following table details the number of Board and Committee meetings held during the 52 weeks ended 27 January 2007 and the attendance record of each director.

	Board meetings	Audit committee	Remuneration committee	Nomination committee
Number of meetings held in year	**10**	**2**	**4**	**-**
Robert Breare	9	2	4	-
David A Bernstein	10	2	4	-
David B Hewitt	10	2	4	-
Raymond S Kelvin	10	-	-	-
Lindsay D Page	10	-	-	-


N.B - ROBOT MUST
EPITOMISE ALL THAT
MKIII STANDS FOR
FUNCTIONAL
PERFORMANCE
TECHNICAL
INNOVATIVE
MKIII
REAR
VENTS
UK WIDE USAGE
AS CENTRAL DISPLAY ELEMENT
TED BAKER
Endurance

Audit Committee

During the period, Robert Breare was chairman of the audit committee and the other committee members were David Bernstein and David Hewitt. The Board considers the chairman to be independent because he was independent on appointment. All the committee members are non-executive directors and meet at least twice a year to review and approve the interim and annual financial statements, before submission for approval by the Board and considers any matters raised by the auditors. The committee will consider significant financial reporting judgements contained in the financial statements, including accounting policies and compliance, areas of management judgements and estimates and the effectiveness of financial reporting and controls. The Board considers all members to have relevant financial experience.

The Audit Committee oversees the Company's relationship with the external auditors and makes recommendations to the Board in relation to their appointment, re-appointment and removal and approves their remuneration and terms of engagement. The Board and committee also review the independence of the external auditors and considers the engagement of the external auditors to supply non-audit services.

The committee is responsible for the review of the Company's procedures for responding to the allegations of whistleblowers and the arrangements by which staff may, in confidence, raise concerns about possible financial reporting irregularities.

Nomination Committee

During the period, Robert Breare was chairman of the nomination committee and the other committee members were David Bernstein and David Hewitt. The Board considers the chairman to be independent because he was independent on appointment. All the committee members are non-executive directors. The committee is responsible for nominating candidates for appointment to the Board. There were no meetings during the period and no board appointments.

All non-executive directors are advised of the time commitment considered necessary to enable them to fulfil their responsibilities prior to appointment.

Appointments To The Board

Newly appointed directors are given training appropriate to the level of their previous experience. Non-executive directors meet regularly with members of the executive committee and other personnel within the organisation. In addition, site visits ensure that the non-executive directors gain first hand experience of developments within the Group.

Any director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek re-election by the shareholders at the next Annual General Meeting.

The Company's Articles of Association require those directors who have been in office for at least two years from the date of their original appointment (or from the date of their latest re-election if later) to retire from office.

Communication With Shareholders

The Group attaches considerable importance to the effectiveness of its communication with its shareholders. The full report and accounts are sent to all shareholders and further copies are distributed to others with potential interest in the Group's performance.

The directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders by making general presentations after the interim and preliminary results; meeting shareholders to discuss long-term issues and gather feedback; and communicating regularly throughout the year. All shareholders have access to these presentations, as well as to the annual report and accounts and to other information about the Company, through the website at www.tedbaker.com They may also attend the Company's Annual General Meeting at which they have the opportunity to ask questions.

Non-executive directors are kept informed of the views of shareholders by the executive directors and are provided with independent feedback from investor meetings.

Internal Control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Following publication of guidance for directors on internal control "Internal Control: Guidance for Directors on the Combined Code" ('the Turnbull guidance'), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, that has been in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the Board and accords with the guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed. Management is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

The Group has an independent internal audit function whose findings are regularly reviewed by the executive committee and the Board. The Audit Committee monitors and reviews the effectiveness of the internal audit activities.

Management reports regularly on its review of risks and how they are managed to the Risk Committee, whose main role is to review, on behalf of the Board, the key risks inherent in the business and the system of control necessary to manage such risks, and to present their findings to the Board.

The Chief Executive reports to the Board on behalf of the executive committee on significant changes in the business and the external environment which affect significant risks. The Finance Director provides the Board with monthly financial information which includes key performance indicators. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Risk Committee and the Audit Committee.

The Risk Committee includes the Finance Director and various heads of department. It reviews, on a twice yearly basis, the risk management and control process and considers:

- the authority, resources and co-ordination of those involved in the identification, assessment and management of significant risks faced by the Group;
- the response to the significant risks which have been identified by management and others;
- the maintenance of a control environment directed towards the proper management of risk; and
- the annual reporting procedures.

Additionally, the Risk Committee keeps abreast of all changes made to the systems and follows up on areas that require improvement. It reports to the Board at twice yearly intervals or more frequently should the need arise.

Directors' Remuneration Report

As well as complying with the Provisions of the Code as disclosed in the Company's corporate governance statements, the Board has applied the Principles of Good Governance relating to directors' remuneration and the Directors' Remuneration Report Regulations 2002 contained in schedule 7A to CA85 as described below.

Procedures For Developing Policy And Fixing Remuneration

David Hewitt was the chairman of the remuneration committee during the 52 weeks to 27 January 2007 with David Bernstein and Robert Breare as the other committee members. The Board has shown its commitment to formal and transparent procedures for developing a remuneration policy, fixing executive remuneration and ensuring that no director is involved in deciding his or her own remuneration by consulting the Monk Partnership (an associate firm of PriceWaterhouseCoopers who also provided tax and accounting services to the Group in the year) on executive directors' pay trends. This policy is expected to continue in forthcoming years.

Statement Of Remuneration Policy

The Board does not pay more than is necessary to attract and retain the directors required to run the Company successfully. The aim of the Company's remuneration policy is to attract, motivate and retain high quality management and to incentivise them to achieve growth in earnings per share which delivers value to the shareholders.

The total size of the remuneration package is judged by comparison with the value of packages of similar companies, having regard to:

- the size of the Company, its turnover, profits and number of people employed;
- the diversity and complexity of the business;
- the geographical spread of the business; and
- the growth and expansion profile.

Mr L D Page served as a non-executive director of Actif Group plc during the period, although he did not receive any remuneration.

The remuneration policy is as follows:

Basic Salary

This is reviewed annually by the Remuneration Committee having regard to competitive market practice and each director's contribution to the business, thus allowing for individual performance.

Annual Bonus

The annual grant of bonuses is conditional upon achievement of targets by reference to agreed financial performance measures and external expectations, namely profit before tax and growth in earnings per share. These are designed to provide a direct link between the rewards of executives and returns to shareholders. Bonuses are capped at 100 per cent of basic salary. This scheme is applicable to Mr R S Kelvin and Mr L D Page. Amounts received in the year may be found on page 27.

Benefits

Taxable benefits include such items as company cars, fuel and medical expense insurance. Life assurance is provided as a non-taxable benefit.

Pensions

The Company operates a money purchase scheme with a Company contribution of 12.5 per cent of basic salary for executive directors apart from Mr R S Kelvin.

Long Term Incentive Plans And Share Options

The Company believes that share ownership by executive directors and senior executives strengthens the link between their personal interests and those of the shareholders. Earnings per share growth is the chosen performance criterion because it is seen as a key driver of shareholder value.

The Company's Executive Share Option Scheme and Performance Share Plan impose an aggregate individual limit on the market value of shares, which may be subject to options or awards of ten times that individual's annual remuneration. The Remuneration Committee's policy in respect of the Performance Share Plan is usually to base an award to an individual on one times his basic salary.

The following schemes are in operation for the benefit of directors:

The 1997 Executive Share Option Scheme

Under this scheme, options may be granted to subscribe for new shares and to acquire shares from the Ted Baker Group Employee Benefit Trust. The exercise of options is subject to earnings per share growth over three accounting periods, the first being the one in which the grant is made. If compound earnings per share growth is at least 10 per cent per annum, then 25 per cent of the options will be exercisable rising on a straight line basis to the maximum if compound growth of 15 per cent per annum is achieved. Currently, there are no options granted under this scheme.

In establishing the performance conditions of the share scheme, the Remuneration committee has reviewed the standards used by similar sized companies within the retail industry and has established challenging criteria that are required to be met in order to permit admission into the scheme.

The Ted Baker Performance Share Plan

Under this plan, both conditional awards and share options may be granted:

- The award of shares is subject to earnings per share growth over three accounting periods, the first being the one in which the grant is made. If compound earnings per share growth is at least 10 per cent per annum, then 25 per cent of the award will vest rising on a straight line basis to the maximum if compound growth of 15 per cent per annum is achieved. Shares awarded will normally be received in two equal tranches, one following the end of the three-year performance period and the second tranche one year later. Mr R S Kelvin and Mr L D Page have received awards under this plan.

- The exercise of share options is subject to the same performance conditions as the 1997 Executive Share Option Scheme. Currently, there are no options granted under this plan.

The Ted Baker Sharesave Scheme

Under this scheme, options are made available to all employees to encourage share ownership. The exercise of options is not subject to performance conditions. Mr R S Kelvin and Mr L D Page have been granted options under this scheme.

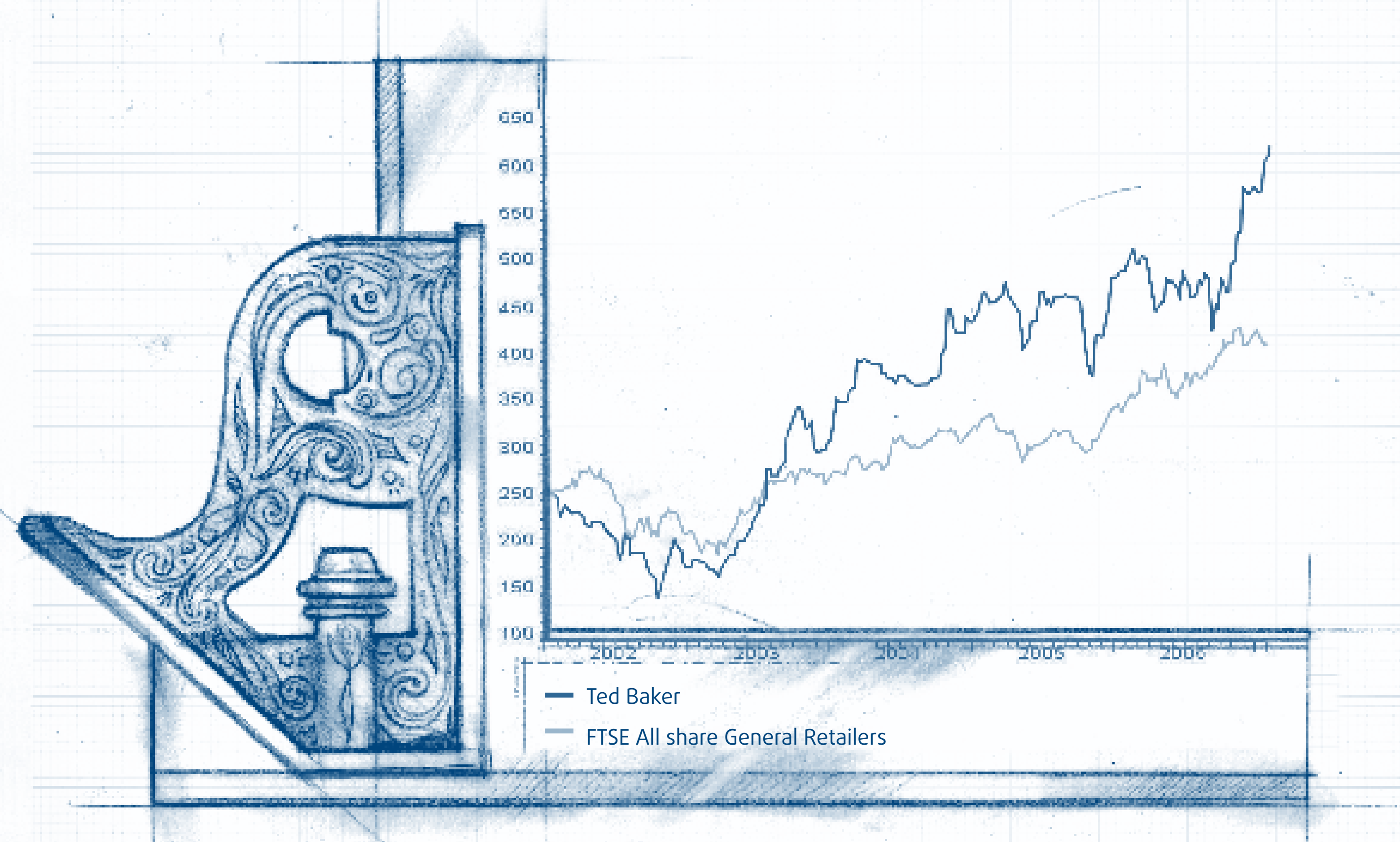
Contracts Of Service

Each executive director has a service contract with a notice period of 12 months subject to retirement, normally at the age of 65. The Board sets non-executive directors' fees.

	Date of service contract	Un-expired term	Notice period	Provision for compensation
Robert Breare	1 November 2001	6 months	6 months	None
David A Bernstein	24 January 2003	6 months	6 months	None
David B Hewitt	17 July 1997	6 months	6 months	None
Raymond S Kelvin	17 July 1997	12 months	12 months	None
Lindsay D Page	17 July 1997	12 months	12 months	None

Total shareholder value

The following charts the total cumulative shareholder return of the Company since February 2002 to January 2007.



The index selected was the FTSE General Retailers as it was considered to be the most appropriate comparative against Ted Baker PLC.

Audited information

The auditors are required to report on the individual aspects of remuneration, which may be found in the following section of this report.

Directors' remuneration, interests and transactions

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
Emoluments	886	515
Money purchase pension contributions	27	22
	913	537

Directors' emoluments

	Fees / basic salary	Benefits	Performance related bonus	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000	£'000	£'000	£'000
Executive					
R S Kelvin	247	10	163	420	240
L D Page	222	1	143	366	185
Non-executive					
R Breare	40	-	-	40	40
D A Bernstein	30	-	-	30	25
D B Hewitt	30	-	-	30	25
	569	11	306	886	515

Performance related bonuses are determined by the Remuneration Committee based on achievement of targets by reference to agreed financial performance measures and external expectations, namely profit before tax and growth in earnings per share. Bonuses are capped at 100% of basic salary.

Share options

The directors who held office at 27 January 2007 had the following options in the shares of Ted Baker PLC:

	28 January 2006 No. of shares	Options (exercised) or granted No. of shares	27 January 2007 No. of shares	Option price p	Market price on exercise p	Gain on exercise £'000	Earliest date of exercise	Expiry Date
L D Page	37,000	(37,000)	-	193.5	510.0	117	25 March 2006	24 March 2013
L D Page	213,000	(213,000)	-	245.0	507.0	558	10 June 2006	9 June 2013
R S Kelvin	250,000	(250,000)	-	245.0	507.0	655	10 June 2006	9 June 2013

All options were subject to earnings per share growth in three consecutive accounting periods, which were fully satisfied. Details of which may be found on page 25.

Options granted to Directors under the SAYE share option scheme were as follows:

	28 January 2006 No. of shares	Options (exercised) or granted No. of shares	27 January 2007 No. of shares	Option price p	Earliest date of exercise	Expiry Date
L D Page	5,354	-	5,354	296.0	1 February 2009	1 August 2009
R S Kelvin	5,354	-	5,354	296.0	1 February 2009	1 August 2009

The bid price of the ordinary shares at 27 January 2007 was 641.50p and the range during the year was 446.50p to 646.50p. Since 27 January 2007 to 21 March 2007 there have been no changes to the directors' interests in share options.

Directors' long term incentive schemes

The Company operates the Ted Baker Performance Share Plan ('the Plan') which was approved in an Extraordinary General Meeting held on 10 November 1998.

	No. of shares awarded	No. of shares vested
R S Kelvin	51,487	49,942
L D Page	38,902	37,735

On 27 April 2004, the Trustees of the Ted Baker 1998 Employee Benefit Trust made the share awards set out above under the Plan for the three years ending 27 January 2007. Awards under the Plan were subject to the growth of the Company's earnings per share over a three-year period, details of which may be found on page 25. Diluted earnings per share rose by a compound rate of 14.8 during the three years resulting in 97 per cent of the total award vesting. 50 percent of the shares vesting under the plan will be distributed in the year ending January 2008. The remaining balance will be distributed in the year ending January 2009.

On 31 July 2006, the Trustees of the Ted Baker 1998 Employee Benefit Trust made the share awards set out below under the plan for the three years ending 31 January 2009. Awards under the plan are subject to the growth of the Company's earnings per share over a three year period, details of which may be found on page 25.

	No. of shares awarded	No. of shares vested
R S Kelvin	50,025	-
L D Page	44,022	-

Since 27 January 2007 the Remuneration Committee has recommended further share awards to Mr R S Kelvin and Mr L D Page, however, the Trustees of the Ted Baker 1998 Employee benefit Trust had not made these awards as at 21 March 2007.

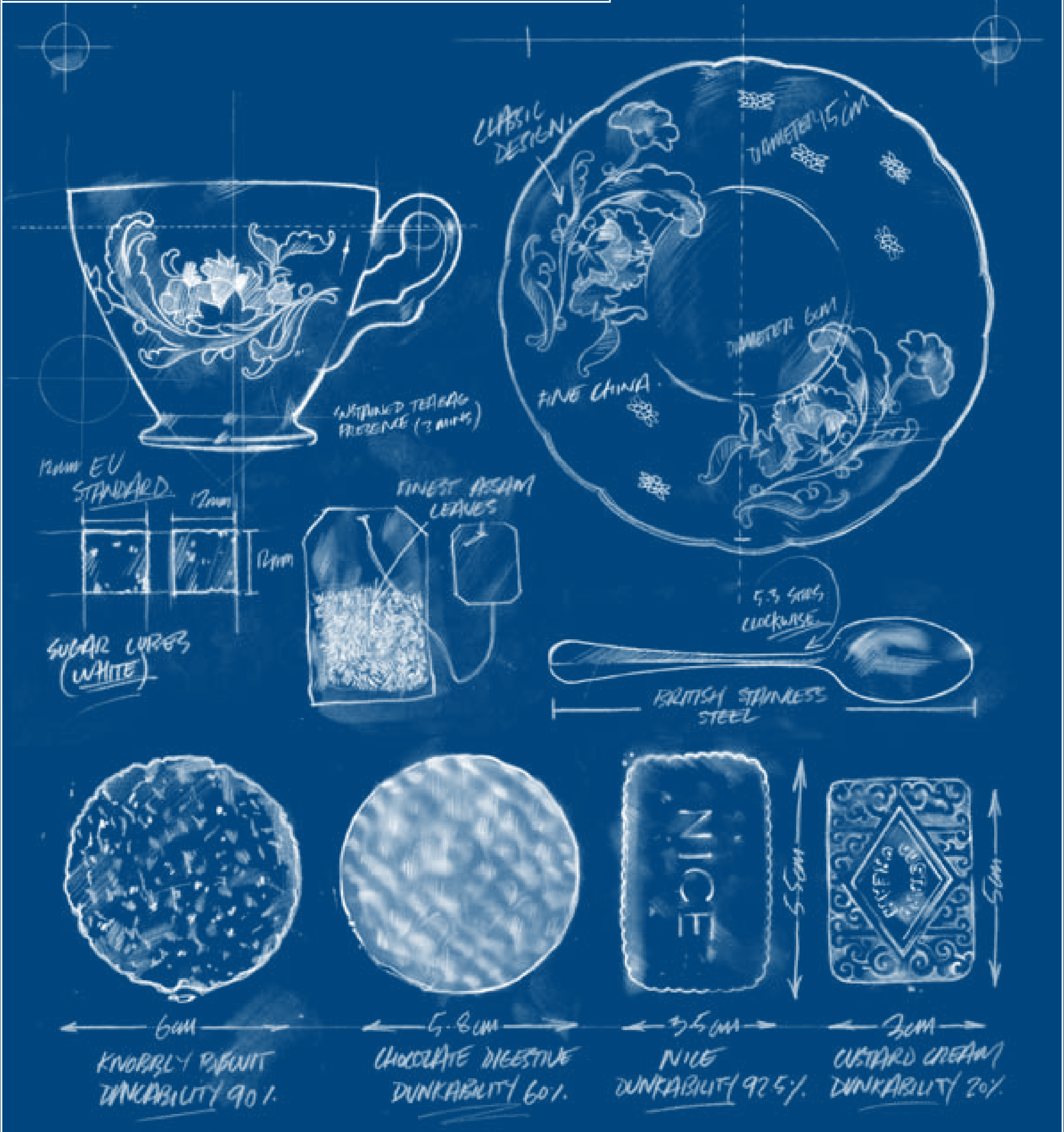
Directors' pensions

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
L D Page	27	22

David Hewitt, Chairman of the Remuneration Committee

Designing makes for thirsty work

Ted's attention to detail extends to the perfect cuppa.



TIP:	SCALE:	DATE:		ARCHITECT:
When brewing the tea stir and leave it for three minutes. This time allows for the release of polyphenolic compounds, which will give the tea its rich colour and flavour. A longer infusion period will unlock high molecular weight chemicals which taste bitter. Why not pop to the kitchen and make yourself one before you look at the financials.	1:2	FRIDAY	22	TED BAKER LONDON
		MARCH 2007		
	ELEVATION TEA/CUP:TEDBAKER/MARCH 2007			

Statement Of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs, as adopted by the EU and applicable law, and they have also elected to prepare the parent company financial statements on the same basis.

The group and parent company financial statements are required by law and IFRSs, as adopted by the EU, to present fairly the financial position of the group and the parent company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing the Directors' Report, Directors' Remuneration Report and the Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report To The Members Of Ted Baker PLC

We have audited the group and parent company financial statements (the ''financial statements'') of Ted Baker PLC for the 52 weeks ended 27 January 2007 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 30.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement, Chief Executive's Review and Finance Director's report that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 27 January 2007 and of its profit for the 52 weeks then ended;

- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 27 January 2007;

- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and

- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square, London, EC4Y 8BB
21 March 2007

Group Income Statement
For the 52 weeks ended 27 January 2007

	Note	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
		£'000	£'000
Revenue	2	125,648	117,832
Cost of sales		(51,986)	(48,979)
Gross profit		73,662	68,853
Distribution costs		(41,404)	(39,007)
Administrative expenses		(16,645)	(15,339)
Other operating income		4,436	3,827
Operating profit		**20,049**	**18,334**
Finance income	4	192	129
Finance expenses	4	(191)	(109)
Profit before tax	3,5	**20,050**	**18,354**
Income tax expense	6	(5,634)	(5,435)
Profit for the period		**14,416**	**12,919**
Attributable to:			
Equity shareholders of the parent company		14,421	12,931
Minority interests		(5)	(12)
Profit for the period		**14,416**	**12,919**
Earnings per share	9		
Basic		33.9p	30.6p
Diluted		33.6p	29.7p
Dividends	8		
Paid in period		5,335	4,775
Paid in period (pence per share)		12.5	11.2
Proposed		4,394	3,442
Proposed (pence per share)		10.3	8.2

The Income statement relates to continuing operations.

Group Statement of Changes in Equity
For the 52 weeks ended 27 January 2007

	Share capital	Share premium	Available for sale reserve	Hedging reserve	Translation reserve	Retained earnings	Total equity attributable to equity shareholders of the parent	Minority interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 28 January 2006	2,149	6,983	176	(7)	12	32,911	42,224	(52)	42,172
Share option charge	-	-	-	-	-	332	332	-	332
Movement on current/deferred tax on share options	-	-	-	-	-	(23)	(23)	-	(23)
Change in fair value	-	-	(176)	-	-	-	(176)	-	(176)
Net change in cash flow hedge reserve	-	-	-	(83)	-	-	(83)	-	(83)
Exchange rate movement	-	-	-	-	(505)	-	(505)	-	(505)
Profit for the period	-	-	-	-	-	14,421	14,421	(5)	14,416
Shares issued	11	1,045	-	-	-	-	1,056	-	1,056
Movement in respect of treasury shares	-	-	-	-	-	2,469	2,469	-	2,469
Movement in respect of own shares	-	-	-	-	-	(3,977)	(3,977)	-	(3,977)
Disposal of own shares	-	-	-	-	-	935	935	-	935
Dividends paid	-	-	-	-	-	(5,335)	(5,335)	-	(5,335)
Balance at 27 January 2007	**2,160**	**8,028**	**-**	**(90)**	**(493)**	**41,733**	**51,338**	**(57)**	**51,281**

	Share capital	Share premium	Available for sale reserve	Hedging reserve	Translation reserve	Retained earnings	Total equity attributable to equity shareholders of the parent	Minority interest	Total equity
	£'000	£'000	£'000	£,000	£,000	£'000	£'000	£'000	£'000
Balance at 30 January 2005	2,149	6,983	428	(142)	(33)	27,771	37,156	(40)	37,116
Share option charge	-	-	-	-	-	612	612	-	612
Movement on deferred tax on share options	-	-	-	-	-	718	718	-	718
Change in fair value	-	-	(252)	-	-	-	(252)	-	(252)
Net change in cash flow hedge reserve	-	-	-	135	-	-	135	-	135
Exchange rate movement	-	-	-	-	45	-	45	-	45
Profit for the period	-	-	-	-	-	12,931	12,931	(12)	12,919
Purchase of own shares	-	-	-	-	-	(447)	(447)	-	(447)
Purchase of shares held as treasury	-	-	-	-	-	(4,170)	(4,170)	-	(4,170)
Movement in respect of own shares	-	-	-	-	-	271	271	-	271
Dividends paid	-	-	-	-	-	(4,775)	(4,775)	-	(4,775)
Balance at 28 January 2006	**2,149**	**6,983**	**176**	**(7)**	**12**	**32,911**	**42,224**	**(52)**	**42,172**

Company Statement of Changes in Equity
For the 52 weeks ended 27 January 2007

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 28 January 2006	2,149	6,983	13,000	1,513	23,645
Share option charge	-	-	-	55	55
Profit for the period	-	-	-	4,527	4,527
Shares issued	11	1,045	-	-	1,056
Movement in respect of treasury shares	-	-	-	2,469	2,469
Movement in respect of own shares	-	-	-	76	76
Disposal of own shares	-	-	-	935	935
Dividends paid	-	-	-	(5,335)	(5,335)
Balance at 27 January 2007	2,160	8,028	13,000	4,240	27,428

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 29 January 2005	2,149	6,983	13,000	4,971	27,103
Share option charge	-	-	-	107	107
Profit for the period	-	-	-	5,556	5,556
Purchase of own shares	-	-	-	(447)	(447)
Purchase of shares held as treasury	-	-	-	(4,170)	(4,170)
Movement in respect of own shares	-	-	-	271	271
Dividends paid	-	-	-	(4,775)	(4,775)
Balance at 28 January 2006	2,149	6,983	13,000	1,513	23,645

Group and Company Balance Sheet
At 27 January 2007

	Note	Group 27 January 2007	Company 27 January 2007	Group 28 January 2006	Company 28 January 2006
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	10	482	-	501	-
Property, plant and equipment	11	19,209	-	18,667	-
Investments	12	-	15,089	-	15,089
Deferred tax assets	13	525	-	1,543	-
Available-for-sale financial assets	14	-	-	176	-
		20,216	**15,089**	**20,887**	**15,089**
Current assets					
Inventories	15	27,825	-	23,475	-
Trade and other receivables	16	11,843	9,760	11,764	8,289
Derivative financial assets	17	216	-	155	-
Cash and cash equivalents	18	13,513	2,584	11,381	1,028
		53,397	**12,344**	**46,775**	**9,317**
Current liabilities					
Trade and other payables	19	(16,714)	(4)	(17,507)	(8)
Borrowings	18,20	-	-	(563)	-
Current tax payable		(5,268)	(1)	(6,544)	(3)
Derivative financial liabilities	17	(307)	-	(126)	-
		(22,289)	**(5)**	**(24,740)**	**(11)**
Non-current liabilities					
Deferred tax liabilities	13	(43)	-	-	-
Borrowings	18,20	-	-	(750)	(750)
		(43)	**-**	**(750)**	**(750)**
Total liabilities		**(22,332)**	**(5)**	**(25,490)**	**(761)**
Net assets		**51,281**	**27,428**	**42,172**	**23,645**
Equity					
Share capital	21	2,160	2,160	2,149	2,149
Share premium account	21	8,028	8,028	6,983	6,983
Other reserves	21	(90)	13,000	169	13,000
Retained earnings	21	41,240	4,240	32,923	1,513
Total equity attributable to equity shareholders of the parent company		**51,338**	**27,428**	**42,224**	**23,645**
Minority interests		(57)	-	(52)	-
Total equity		**51,281**	**27,428**	**42,172**	**23,645**

These financial statements were approved by the Board of Directors on 21 March 2007 and were signed on its behalf by:

L D Page
Director

Group and Company Cash Flow Statement

For the 52 weeks ended 27 January 2007

	Note	Group 52 weeks ended 27 January 2007	Company 52 weeks ended 27 January 2007	Group 52 weeks ended 28 January 2006	Company 52 weeks ended 28 January 2006
		£'000	£'000	£'000	£'000
Cash generated from operations					
Profit for the period		14,416	4,531	12,919	5,556
Adjusted for:					
Income tax expense		5,634	-	5,435	10
Depreciation		3,981	-	3,820	-
Loss on disposal of property, plant & equipment		63	-	23	-
Share option charge		332	55	612	107
Net finance (losses) / gains		(125)	(70)	35	(3)
Changes in hedge reserves		(83)	-	(7)	-
Increase in inventories		(4,714)	-	(595)	-
Increase / (decrease) in trade and other receivables		903	(1,471)	(3,534)	3,482
(decrease) / Increase in trade and other payables		(554)	(4)	2,030	(66)
Cash generated from operations		19,853	3,041	20,738	9,086
Interest paid		(64)	(27)	(125)	(37)
Income taxes paid		(5,873)	(6)	(5,480)	(16)
Net cash generated from operating activities		13,916	3,008	15,133	9,033
Cash flow from investing activities					
Purchases of property, plant & equipment		(4,970)	-	(5,059)	-
Proceeds from sale of property, plant & equipment		26	-	13	-
Interest received		164	97	63	40
Net cash from investing activities		(4,780)	97	(4,983)	40
Cash flow from financing activities					
Proceeds from issue of ordinary shares		1,056	1,056	-	-
Purchase of own shares		(3,438)	(3,438)	(4,617)	(4,617)
Sale of own shares		5,907	5,907	-	-
Shares vested		(3,042)	76	271	271
Disposal of own shares		-	935	-	-
Loan repayment		(750)	(750)	-	-
Dividends paid		(5,335)	(5,335)	(4,775)	(4,775)
Net cash from financing activities		(5,602)	(1,549)	(9,121)	(9,121)
Net increase in cash and cash equivalents		3,534	1,556	1,029	(48)
Cash and cash equivalents at 28 January 2006		10,068	278	8,853	326
Loan repayment		750	750	-	-
Exchange rate movement		(839)	-	186	-
Cash and cash equivalents at 27 January 2007	18	13,513	2,584	10,068	278

Notes to the Financial Statements

1) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

Both the parent company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRS's'). On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments), which are held at fair value or amortised cost.

The preparation of financial statements in conformity with adopted IFRS's requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Group's significant judgement areas relate to inventory provisions and impairment of assets.

b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 27 January 2007. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement account from the date of acquisition or up to the date of disposal.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

c) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the values were determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity since 1 February 2004, as permitted by IFRS 1. When a foreign operation is disposed of in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

d) Revenue recognition

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Retail revenue is recognised when a Group entity sells a product to the customer. Wholesale revenue is recognised when goods are delivered and title has passed. Licence income is recognised on an accruals basis in accordance with the risks and rewards of the relevant agreements. Licence income is classified as other operating income.

e) Leases

Rentals under operating leases are charged as incurred, unless there are pre-determined rental increases in the lease, in which case they are recognised on a straight-line basis over the lease term. Leasehold incentives are spread over the lease term on a straight-line basis.

f) Pension costs and other post retirement benefits

Contributions payable to defined contribution schemes in respect of pension costs and other post retirement benefits are charged to the consolidated income statement in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

g) Share based payments

The Group operates an equity settled share based compensation plan. Share based payments are measured at fair value at the date of grant using the Black-Scholes pricing model. The fair value is expensed on a straight line basis over the vesting period based on an estimate of shares that will eventually vest. Shares of Ted Baker PLC held by the company for the purpose of filling obligations in respect of employee share plans are deducted from equity in the balance sheet. Any surplus or deficit arising on the sale of the Ted Baker PLC shares held by the company is included as an adjustment to reserves.

h) Derivative financial instruments

The Group uses derivative financial instruments to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. Such derivatives are initially recorded at fair value, if any, and subsequent to initial recognition, they are measured at fair value. The Group does not enter into speculative derivative contracts.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to firm commitments and highly probable forecasted transactions are recognised directly in equity. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss. When the hedged commitment results in a recognition of a non-financial asset, the gain or loss on the derivative previously recognised in equity is thereafter included in the initial measurement of the asset or liability.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects the profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period.

i) Taxation

Corporation tax payable is recognised on taxable profits using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is not recognised for temporary differences relating to investments in subsidiaries to the extent they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Income tax comprises current and deferred tax.

j) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group and Company financial statements in the period in which they are declared.

k) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date.

l) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, on the following bases:

Short leasehold properties:	Straight line over the period of the lease.
Leasehold improvements:	Straight line over the period of the lease.
Fixtures, fittings and office equipment:	20% to 25% per annum on a straight-line basis apart from computer equipment, which is 33% per annum on a straight-line basis.
Motor vehicles:	25% per annum on a straight-line basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

m) Investments

Investments in subsidiaries are shown at cost less accumulated impairment losses which are recognised in the income statement.

Other equity financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

The fair value of financial instruments classified as available-for-sale is their quoted bid price at the balance sheet date.

n) Impairment
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Impairment losses are recognised in the income statement and held against the relevant cash generating unit. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but so that the increased carrying value does not exceed the carrying value that would have been determined if no impairment loss had been recognised for the asset in prior years. A reversal of an impairment loss is recognised in income immediately.

o) Inventories
Inventories and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and inward transportation costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

p) Cash and cash equivalents
Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

q) Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

r) Finance income and expenses
Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

s) Segment reporting
A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

t) Financial guarantee contracts
Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

u) Accounting standards issued but not adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the 52 weeks ended 27 January 2007, and have not been applied in preparing these consolidated financial statements:

- IFRS 7 Financial Instruments – Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2008 financial statements, will require additional disclosures with respect to the Group's financial instruments and share capital.

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any impact on the consolidated financial statements.

- IFRIC 8 Scope of IFRS 2 Share-based Payment addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Group's 2008 financial statements, with retrospective application required. This is not expected to have any impact on the consolidated financial statements.

- IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether an embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any impact on the consolidated financial statements.

- IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group's 2008 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2004). The adoption of IFRIC 10 is not expected to have an impact on the Group's consolidated financial statements.

- IFRIC 11 IFRS 2 Share-based Payment- Group and Treasury Share Transactions is effective for periods on or after 1 March 2007. IFRIC 11 provides guidance on the classification of a share-based payment transaction (as equity or cash-settled), in which equity instruments of the parent or another group entity are transferred in the financial statements of the entity recieving the services. This will become mandatory for the Group's 2008 financial statements and is not expected to have any impact on the Group's consolidated financial statements.

2) Segment information

The revenue and profit before taxation are attributable to the Group's principal activities, the design and contracted manufacture of high quality fashion clothing and related accessories for wholesale and retail customers.

a) Analysis of revenue by brand

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
Menswear	71,359	66,403
Womenswear	48,947	45,920
Other	5,342	5,509
	125,648	117,832

b) Primary reporting format – divisional segments

52 weeks ended 27 January 2007	Retail £'000	Wholesale £'000	Total £'000
Revenue	89,187	36,461	125,648
Cost of sales	(31,173)	(20,813)	(51,986)
Gross Profit	58,014	15,648	73,662
Operating costs	(48,054)	(9,995)	(58,049)
Operating profit before other operating income	9,960	5,653	15,613
Other operating income			4,436
Operating profit			20,049
Net finance income			1
Profit before taxation			**20,050**
Income tax expense			(5,634)
Profit for the period			**14,416**
Total assets	53,095	20,518	73,613
Total liabilities	(15,852)	(6,480)	(22,332)
	37,243	14,038	51,281
Capital expenditure	4,603	318	4,921
Depreciation	3,724	257	3,981

52 weeks ended 28 January 2006	Retail £'000	Wholesale £'000	Total £'000
Revenue	80,055	37,777	117,832
Cost of sales	(27,136)	(21,843)	(48,979)
Gross Profit	52,919	15,934	68,853
Operating costs	(44,081)	(10,265)	(54,346)
Operating profit before other operating income	8,838	5,669	14,507
Other operating income			3,827
Operating profit			18,334
Net finance income			20
Profit before taxation			**18,354**
Income tax expense			(5,435)
Profit for the period			**12,919**
Total assets	47,816	19,846	67,662
Total liabilities	(17,308)	(8,182)	(25,490)
	30,508	11,664	42,172
Capital expenditure	4,692	403	5,095
Depreciation	3,518	302	3,820

Wholesale sales are shown after the elimination of inter-company sales of £2,801,000 (2006: £3,732,000).

c) Secondary reporting format – geographical segments by origin

52 weeks ended 27 January 2007	United Kingdom £'000	Other £'000	Total £'000
Revenue	114,293	11,355	125,648
Cost of sales	(47,387)	(4,599)	(51,986)
Gross Profit	66,906	6,756	73,662
Operating costs	(51,436)	(6,613)	(58,049)
Operating profit before other operating income	15,470	143	15,613
Other operating income			4,436
Operating profit			20,049
Net finance income			1
Profit before taxation			**20,050**
Income tax expense			(5,634)
Profit for the period			**14,416**
Total assets	62,284	11,329	73,613
Total liabilities	(21,151)	(1,181)	(22,332)
	41,133	10,148	51,281
Capital expenditure	4,019	902	4,921
Depreciation	3,285	696	3,981

52 weeks ended 28 January 2006	United Kingdom £'000	Other £'000	Total £'000
Revenue	109,494	8,338	117,832
Cost of sales	(45,582)	(3,397)	(48,979)
Gross Profit	63,912	4,941	68,853
Operating costs	(48,813)	(5,533)	(54,346)
Operating profit before other operating income	15,099	(592)	14,507
Other operating income			3,827
Operating profit			18,334
Net finance income			20
Profit before taxation			**18,354**
Income tax expense			(5,435)
Profit for the period			**12,919**
Total assets	56,878	10,784	67,662
Total liabilities	(24,371)	(1,119)	(25,490)
	32,507	9,665	42,172
Capital expenditure	3,106	1,989	5,095
Depreciation	3,329	491	3,820

United Kingdom sales are shown after the elimination of inter-company sales of £2,801,000 (2006: £3,732,000).

Other includes sales arising mainly in the United States. Revenue by destination is not materially different from revenue by geographic origin.

3) Profit before taxation

Profit before taxation is stated after charging:	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
Depreciation	3,981	3,820
Operating lease rentals	9,238	7,927
Fees payable to the Company's auditor for the audit of the Company's subsidiaries, pursuant to legislation	48	45
Fees payable to the Company's auditor for review work associated with IFRS convergence	-	40
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6	6
Fees payable to the Company's auditor for other services supplied pursuant to legislation	16	12
Other services provided by the Company's auditor	35	-
Loss on sale of property, plant & equipment	63	23

4) Finance income and expenses

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
Finance income		
- Interest receivable	192	74
- Foreign exchange transactions gains	-	55
	192	129
Finance expenses		
- Interest payable	(67)	(109)
- Foreign exchange transactions losses	(124)	-
	(191)	(109)

5) Staff costs

The average number of employees (including executive directors) was:

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	No.	No.
Sales	1,176	1,120
Design	33	29
Administration	146	137
	1,355	1,286
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	21,398	18,485
Share based payments	332	612
Social security costs	2,026	1,873
Pension costs	314	237
	24,070	21,207

The figures stated above are Group staff costs and as such include the costs for Mr R S Kelvin, who is the only salaried employee of the parent company. Further details of his remunerations may be found in the Remuneration report on page 24.

6) Income tax expense

a) The tax charge comprises

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
Current tax	5,952	5,913
Deferred tax	232	(78)
Prior year over provision	(550)	(400)
	5,634	5,435

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the tax calculated at domestic rates applicable to profits in the respective countries. The differences are explained below.

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
Profit before tax	20,050	18,354
Profit multiplied by the standard rate in the UK (30%)	6,015	5,506
Effects of:		
Expenses not deductible for tax purposes	46	347
Overseas losses not recognised	4	182
Statutory deductions for share options	127	(200)
Prior year corporation tax items	55	(220)
Prior year deferred tax items	(52)	(180)
Recognition of overseas losses	(553)	-
Utilisation of previously unrecognised tax losses	(8)	-
Total income tax expense	5,634	5,435

c) Deferred tax credit recognised directly in equity

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
Deferred tax credit on share options	1,264	1,470

7) Profit attributable to Ted Baker PLC

The profit after taxation dealt with in the accounts of Ted Baker PLC was £4,527,000 (2006: £5,556,000). The directors have approved the income statement for the parent company.

8) Dividends per share

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
	£'000	£'000
Final dividend paid for prior year of 8.2p per ordinary share (2006: 7.3p)	3,501	3,138
Interim dividend paid of 4.3p per ordinary share (2006: 3.9p)	1,834	1,637
	5,335	4,775

A final dividend in respect of 2007 of 10.3p per share, amounting to a dividend payable of £4,393,752 is to be proposed at the Annual General Meeting on 12 June 2007.

9) Earnings per share

	52 weeks ended 27 January 2007	52 weeks ended 28 January 2006
Number of shares:	No.	No.
Weighted number of ordinary shares outstanding	42,594,516	42,236,880
Effect of dilutive options	320,881	1,216,443
Weighted number of ordinary shares outstanding – diluted	42,915,397	43,453,323
Earnings:	£000	£'000
Profit for the period basic and diluted	14,421	12,931
Basic earnings per share	33.9p	30.6p
Diluted earnings per share	33.6p	29.7p

Own shares held by the Ted Baker Group Employee Benefit Trust and the Ted Baker 1998 Employee Benefit Trust have been eliminated from the weighted average number of ordinary shares. Dividend income received by the Company as a result of holding these own shares has been eliminated from the profit before income tax expense and minority interests. The options exercised during the year and long-term incentive scheme awards distributed were covered by shares held by these Trusts.

Diluted earnings per share have been calculated using additional ordinary shares of 5p each available under the 1997 Unapproved Share Option Scheme, the 1997 Executive Share Option Scheme and the Ted Baker Performance Share Plan.

There were no share related events after the balance sheet date that may affect earnings per share.

10) Intangible non current assets

	Intangible assets
	£'000
Cost and net book value	
At 28 January 2006	501
Exchange rate movement	(19)
At 27 January 2007	482

	Intangible Assets
	£'000
Cost and net book value	
At 29 January 2005	506
Exchange rate movement	(5)
At 28 January 2006	501

The intangible asset relates to key money paid for a lease. Due to the likelihood that the money will be recoverable, the asset is not amortised.

11) Property, plant and equipment

	Short leasehold properties	Fixtures, fittings & office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 28 January 2006	17,883	16,797	128	34,808
Additions	1,128	3,755	38	4,921
Disposals	-	(225)	(25)	(250)
Exchange rate movement	(249)	(196)	(2)	(447)
At 27 January 2007	18,762	20,131	139	39,032
Depreciation				
At 28 January 2006	6,087	10,023	31	16,141
Charge for the year	1,420	2,529	32	3,981
Disposals	-	(153)	(9)	(162)
Exchange rate movement	(52)	(84)	(1)	(137)
At 27 January 2007	7,455	12,315	53	19,823
Net book value				
At 28 January 2006	11,796	6,774	97	18,667
At 27 January 2007	11,307	7,816	86	19,209

	Short leasehold properties	Fixtures fittings & office equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 29 January 2005	16,529	13,989	122	30,640
Additions	1,878	3,161	56	5,095
Disposals	(638)	(411)	(52)	(1,101)
Exchange rate movement	114	58	2	174
At 28 January 2006	17,883	16,797	128	34,808
Depreciation				
At 29 January 2005	5,284	7,985	25	13,294
Charge for the year	1,399	2,393	28	3,820
Disposals	(629)	(383)	(22)	(1,034)
Exchange rate movement	33	28	-	61
At 28 January 2006	6,087	10,023	31	16,141
Net book value				
At 29 January 2005	11,245	6,004	97	17,346
At 28 January 2006	11,796	6,774	97	18,667

12) Investments (Company)

a) Subsidiary undertakings

The Company and Group have shares in the following subsidiary undertakings. All of the subsidiaries have been included in the consolidated accounts (*held directly by Ted Baker PLC).

Subsidiary undertaking	Country of incorporation & operation	Principal activity	Holding Ordinary Shares
No Ordinary Designer Label Ltd (formerly Ted Baker Limited)*	UK	Design, wholesale & retail of designer clothing & accessories	100%
Ted Baker Investments (Jersey) Ltd*	Jersey	Investment holding company	100%
Ted Baker International Ltd*	UK	Dormant	100%
Ted Baker Limited	US	Retail of designer clothing & accessories	100%
Ted Baker (New York) Inc	US	Retail of designer clothing & accessories	66%
Ted Baker (France) SARL	France	Retail of designer clothing & accessories	100%
No Ordinary Card Services Ltd*	UK	Card processing services	100%

b) Subsidiary undertakings - cost and net book value

	Company
	£'000
At 27 January 2007	15,089
At 28 January 2006	15,089

13) Deferred tax assets and liabilities

	27 January 2007	28 January 2006
	£'000	£'000
Assets		
Share based payments	558	2,091
Liabilities		
Property, plant and equipment	(601)	(548)
Net deferred (tax liability)/tax asset	(43)	1,543
Foreign losses resulting in a deferred tax asset	525	-

Recognition of deferred tax assets is based on the generation of future taxable profits that will allow utilisation of losses. Deferred tax assets are only recognised on the foreign losses when these businesses pass their development phase. A recoverable deferred tax asset will be recognised once the businesses are more established. The cumulative amount not recognised is £146,000 (2006: £722,000).

The balance for the prior year under 'foreign losses resulting in a deferred tax asset' was Nil as the foreign subsidiary was loss making in the prior year.

14) Available-for-sale financial assets

	27 January 2007	28 January 2006
	£'000	£'000
Listed equity securities - UK	-	176

Movement in available-for-sale financial assets amounting to £176,000 during the year has been recognised directly in equity.

15) Inventories

	27 January 2007	28 January 2006
	£'000	£'000
Raw materials and packaging	1,615	1,552
Work in progress	1,064	629
Finished goods and goods for resale	25,146	21,294
	27,825	23,475
Cost of inventories recognised as an expense	50,468	47,804
Inventories written down and recognised as an expense in the period	517	437

16) Trade and other receivables

	Group 27 January 2007	Company 27 January 2007	Group 28 January 2006	Company 28 January 2006
	£'000	£'000	£'000	£'000
Trade receivables	8,543	-	7,943	-
Amounts owed by Group undertakings	-	9,757	-	8,286
Other receivables	-	3	-	3
Prepayments and accrued income	3,300	-	3,821	-
	11,843	9,760	11,764	8,289

17) Derivative financial instruments

	Assets 27 January 2007	Liabilities 27 January 2007	Assets 28 January 2006	Liabilities 28 January 2006
	£'000	£'000	£'000	£'000
Foreign exchange contracts	216	307	155	126

Gains and losses in equity of forward foreign exchange contracts as at 27 January 2007 will be released to the income statement at various dates within 12 months of the balance sheet date.

Details of financial risk management, treasury policies and use of financial instruments are set out in the Finance Director's Report on page 13.

The financial derivatives aim to hedge against foreign currency movement to achieve certainty on future currency gains or losses.

18) Reconciliation of cash and cash equivalents per balance sheet to cash flow statement

	Group 52 weeks ended 27 January 2007	Company 52 weeks ended 27 January 2007	Group 52 weeks ended 28 January 2006	Company 52 weeks ended 28 January 2006
	£'000	£'000	£'000	£'000
Cash and cash equivalents per balance sheet	13,513	2,584	11,381	1,028
Current borrowings	-	-	(563)	-
Non-current borrowings	-	-	(750)	(750)
Cash and cash equivalents per cash flow statement	13,513	2,584	10,068	278

19) Trade and other payables

	Group 27 January 2007	Company 27 January 2007	Group 28 January 2006	Company 28 January 2006
	£'000	£'000	£'000	£'000
Trade payables	11,770	-	10,803	-
Accruals and deferred income	4,944	4	6,704	8
	16,714	4	17,507	8

20) Borrowings

	27 January 2007	28 January 2006
	£'000	£'000
Current		
- Bank overdraft	-	563
Non-current		
- Bank Loan	-	750

The bank loan which was outstanding as at 28 January 2006 related to the Ted Baker Employee Benefit Trust and was paid in full during the 52 weeks ended 27 January 2007.

Commited borrowing facilities of £9,000,000 (2006: £13,000,000) and a loan facility of £2,000,000 (2006: £2,000,000) were available to the Group at 27 January 2007 in respect of which all conditions precedent have been met.

At 27 January 2007, the borrowing facilities were unutilised (2006: unutilised) and the loan was unutilised (2006: £750,000). The borrowing facility expires on 30 August 2007 and the £2,000,000 loan facility expires on 30 June 2010.

The £2,000,000 loan facility is available to the Ted Baker Group Employee Benefit Trust and is guaranteed by No Ordinary Designer Label Ltd.

21) Capital and reserves

	27 January 2007	28 January 2006
	£'000	£'000
Authorised – 80,000,000 ordinary shares of 5p each	4,000	4,000
Allotted, called up and fully paid – 43,198,033 ordinary shares of 5p each (2006: 42,989,801)	2,160	2,149

At 27 January 2007, the Ted Baker Group Employee Benefit Trust ("Employee Trust") and the Ted Baker 1998 Employee Benefit Trust ("1998 Trust") did not hold any ordinary shares in Ted Baker PLC (2006: "Employee Trust"- 249,028, "1998 Trust"- 209,740).

The Company acquired 700,000 treasury shares, (2006: 1,010,000) and disposed of 1,160,000 treasury shares (2006: £Nil) in the 52 weeks ended 27 January 2007.

The Company held 550,000 shares in treasury at 27 January 2007 (2006: 1,010,000).

The Company issued 208,232 ordinary shares of 5p for a consideration of 507.0p per share during the 52 weeks ended 27 January 2007.

Other Reserves and retained earnings

Other Reserves and retained earnings include the following reserve accounts:

Available for sale reserve
Other financial instruments held by the Group are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognised in equity. At 27 January 2007, the fair value of financial instruments held by the group was £Nil (2006: £176,000).

Hedging reserve
The effective portion of financial instruments that are designated as hedging instruments and are documented as part of an effective hedge of future cash flows are recognised directly in equity and recycled to the income statement when the underlying cash flows occur, or are no longer expected to occur. At 27 January 2007, the value of financial instruments that are designated as hedging instruments recorded in equity was £90,000 (2006: £7,000).

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Other reserves - Company
This reserve relates to the premium on equity consideration used in the acquisition of a subsidiary, No Ordinary Designer Label Limited, by Ted Baker PLC in 1997. This is classified within Other Reserves under section 133 Companies Act 1985.

22) Share based payments

Equity settled share options are granted to executive directors and senior executives at an option price equal to the price of shares of the Group at the grant date. The vesting period is generally between three and five years and options have an expiry date between seven and ten years. Options will also expire if the employee leaves the Group prior to the vesting date.

Movements in the number of share options and awards outstanding and their related weighted average exercise prices are as follows:

	Weighted average share price 2007	Number of options 2007	Weighted average share price 2006	Number of options 2006
At beginning of period	519.0p	2,163,289	507.5p	2,163,553
Granted during the period	490.7p	379,841	451.3p	36,549
Forfeited during the period	-	-	-	-
Exercised during the period	508.8p	(1,769,750)	-	-
Lapsed during the period	580.3p	(16,370)	468.4p	(36,813)
Outstanding at the end of period	641.5p	757,010	519.0p	2,163,289
Exercisable at end of period	-	-	-	-

The charge for the year to the income statement amounted to £332,479 (2006: £612,081).Included in the charge for the year is an amount in respect to R S Kelvin who is employed by the Company, amounting to £55,438 (2006: £106,628).

Share options and awards outstanding at the end of the period have the following expiry dates and exercise prices:

Grant Date	Exercise price	Number of options at 27 January 2007	Number of options at 28 January 2006
25 March 2003	193.5	9,750	1,066,500
10 June 2003	245.0	-	713,000
10 December 2003	296.0	45,470	48,977
22 April 2004	0	247,597	247,597
17 November 2004	361.0	39,032	50,666
17 November 2005	334.0	35,320	36,549
18 April 2006	0	212,198	-
31 July 2006	0	167,643	-
		757,010	2,163,289

The range of inputs into the Black-Scholes model were as follows:

	At 27 January 2007	At 28 January 2006
Weighted average share price	641.5p	519.0p
Weighted average exercise price	54.5p	196.9p
Risk free interest rate	4.26% - 4.77%	3.53% - 4.77%
Expected life of options	3-5 years	3 – 5 years
Share price volatility	19.1% - 32.1%	19.1% - 32.1%
Dividend yield	2.24% - 3.8%	2.24% - 3.96%

The share price volatility was determined by calculating the historic volatility of the Group's share price over a time period matching the expected life of the option.

23) Financial commitments

a) Capital commitments
The Group has capital commitments of £nil at 27 January 2007 (2006: £nil) which were not provided in the financial statements.

b) Operating leases
Total of future lease payments under non-cancellable operating leases are as follows:

	27 January 2007	28 January 2006
	£'000	£'000
Within one year	8,533	7,465
Between one and five years	32,369	27,679
Later than five years	34,394	36,488
	75,296	71,632

The Group leases a number of stores, warehouses and head office facilities under operating leases. The leases are of varied length with the longest lease running until 2029.

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

Some lease payments are contingent upon levels of revenue above minimum thresholds.

c) Pension arrangements
The Group operates a number of defined contribution schemes for senior management and a stakeholder pension scheme for employees, for which the pension cost charge for the period amounted to £314,000 (2006: £237,000). Contributions totalling £18,904 (2006: £34,852) are included in other receivables at the year end.

24) Financial instruments

a) Financial assets and liabilities

The interest rate profile of the financial assets and liabilities of the Group are as follows:

Financial assets	Financial assets on which no interest received	Floating rate financial assets	Total
	£'000	£'000	£'000
27 January 2007			
Sterling	6,931	10,623	17,554
US Dollar	241	2,588	2,829
Euro	415	126	541
Other	995	137	1,132
	8,582	13,474	22,056

Financial assets	Financial assets on which no interest received	Floating rate financial assets	Total
	£'000	£'000	£'000
28 January 2006			
Sterling	7,535	8,495	16,030
US Dollar	2	616	618
Euro	92	2,110	2,202
Other	348	126	474
	7,977	11,347	19,324

Financial assets comprise cash, short-term deposits and short-term receivables and payables. There were no fixed rate financial assets at 27 January 2007 or 28 January 2006. Financial assets on which no interest is received are due on demand. Floating rate financial assets attract interest based on local prevailing rates.

Financial liabilities	Financial liabilities on which no interest incurred	Floating rate financial liabilities	Total
	£'000	£'000	£'000
27 January 2007			
Sterling	(9,430)	-	(9,430)
US Dollar	(1,413)	-	(1,413)
Euro	(816)	-	(816)
Other	(111)	-	(111)
	(11,770)	-	(11,770)

Financial liabilities	Financial liabilities on which no interest incurred	Floating rate financial liabilities	Total
	£'000	£'000	£'000
28 January 2006			
Sterling	(10,798)	(750)	(11,548)
US Dollar	(1)	(563)	(564)
Euro	-	-	-
Other	(4)	-	(4)
	(10,803)	(1,313)	(12,116)

Both the sterling overdraft and loan bear floating rates of interest linked to the UK base rate.

Management has a policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Transactions involving derivative financial instruments are with counterparties with whom the Group has a signed netting agreement as well as sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

b) Currency assets and liabilities

Net monetary assets and liabilities that are not denominated in the local functional currency are as follows:

Currency assets	Financial assets on which no interest received	Floating rate financial assets	Total
	£'000	£'000	£'000
27 January 2007			
Foreign currency monetary assets			
US Dollar	3	223	226
Euro	1	391	392
Other	17	1,041	1,058
	21	1,655	1,676

Currency assets	Financial assets on which no interest received	Floating rate financial assets	Total
	£'000	£'000	£'000
28 January 2006			
Net foreign currency monetary assets			
US Dollar	1	-	1
Euro	4	1,381	1,385
Other	9	458	467
	14	1,839	1,853

Currency liabilities	Financial liabilities on which no interest incurred	Floating rate financial liabilities	Total
	£'000	£'000	£'000
27 January 2007			
Foreign currency monetary liabilities			
US Dollar	-	(659)	(659)
Euro	-	(824)	(824)
Other	-	(111)	(111)
	-	(1,594)	(1,594)

Currency liabilities	Financial liabilities on which no interest incurred	Floating rate financial liabilities	Total
	£'000	£'000	£'000
28 January 2006			
Net foreign currency monetary liabilities			
US Dollar	-	(563)	(563)
Euro	-	-	-
Other	-	-	-
	-	(563)	(563)

c) Estimation of fair values

Securities

Fair value is based on quoted closing bid rates at the balance sheet date without any deduction for transaction costs.

Derivatives

Forward exchange contracts are marked to market using current market prices.

d) Financial assets and liabilities - Company

The Company holds financial assets on a floating rate basis of £1,677,000 at the 27 January 2007 (2006: £246,000).
The Company does not hold any financial liabilities at 27 January 2007 (2006: £Nil).

25) Related Parties

The Company has a related party relationship with its directors and executive officers.

Directors of the Company and their immediate relatives control 39 per cent of the voting shares of the Company.

At the 28 January 2006, the main trading company owed the parent company £9,757,000 (2006: £8,286,000).
The main trading company was owed £10,779,000 (2006: £12,473,000) from the other subsidiaries within the Group.

Transactions between subsidiaries were priced on an arms length basis.

The Group considers the Board as key management. Details are provided in the Remuneration Report.

Five Year Summary

	UK GAAP 52 weeks ended 25 January 2003	Restated UK GAAP 53 weeks ended 31 January 2004	IFRS 52 weeks ended 29 January 2005	IFRS 52 weeks ended 28 January 2006	IFRS 52 weeks ended 27 January 2007
	£'000	£'000	£'000	£'000	£'000
Results					
Revenue	70,188	88,842	105,753	117,832	125,648
Operating profit	9,910	14,260	16,405	18,334	20,049
One-off charges	1,551	-	-	-	-
Profit before tax	9,485	13,909	16,252	18,354	20,050
Profit for the period	6,556	9,579	11,368	12,919	14,416
Assets Employed					
Property, plant and equipment	15,375	14,410	17,346	18,667	19,209
Non-current assets	-	-	1,073	2,220	1,007
Net current assets / (liabilities)	7,234	14,540	19,161	22,035	31,108
Non-current liabilities	(4,000)	(4,000)	(750)	(750)	(43)
Provisions for liabilities and charges	(123)	(480)	-	-	-
Net Assets	18,486	24,470	36,830	42,172	51,281
Financed by					
Shareholders' funds	18,546	24,531	36,870	42,224	51,338
Minority interest	(60)	(61)	(40)	(52)	(57)
	18,486	24,470	36,830	42,172	51,281
Key Statistics					
Basic earnings per share	15.9p	22.7p	26.8p	30.6p	33.9p
Adjusted basic earnings per share	18.6p	22.7p	26.8p	30.6p	33.9p
Diluted earnings per share	15.6p	22.2p	26.2p	29.7p	33.6p
Dividends per share	8.7p	9.6p	10.8p	12.1p	14.6p
Dividend cover	1.8 times	2.4 times	2.5 times	2.5 times	2.3 times
Return on capital employed	49.8%	74.3%	59.9%	60.0%	53.8%

Notice of Meeting

Notice is hereby given that the 2007 Annual General Meeting of Ted Baker PLC will be held at The Ugly Brown Building, 6a St. Pancras Way, London, NW1 0TB on 12 June 2007 at 11:00 am when the following business will be transacted:

Ordinary Business

1. To receive, and if thought fit, to adopt the directors' report and accounts for the 52 weeks ended 27 January 2007 with the report of the auditors thereon.
2. To approve the remuneration report of the directors set out in the report and accounts for the 52 weeks ended 27 January 2007.
3. To declare a final dividend on the Ordinary Shares.
4. To re-elect Raymond Kelvin as a director of the Company.
5. To re-elect David Bernstein as a director of the Company.
6. To re-elect David Hewitt as a director of the Company.
7. Allotment of shares: To consider, and if thought fit, pass the following resolution as an Ordinary Resolution: "That the directors be and are hereby authorised in accordance with and subject to the terms of Article 5 of the Company's Articles of Association to allot relevant securities up to an aggregate nominal amount of £719,967."
8. To re-appoint KPMG Audit Plc as auditors to the Company.
9. To authorise the directors to determine the auditors' remuneration.
10. Disapplication of pre-emption rights: To consider, and if thought fit, pass the following resolution as a Special Resolution:

    "That subject to Resolution 7 set out in the Notice of Annual General Meeting convening this meeting being passed and pursuant to and in accordance with the authority thereby granted, the directors be and are hereby empowered pursuant to Section 95 of the authority and sell relevant shares (as defined in Section 94 of the Act) held by the Company as treasury shares (as defined in Section 162A of the Act) for cash, as if Section 89(1) of the Act did not apply to any such allotment or sale provided that this power shall be limited:

    (A) to the allotment of equity securities and the sale of treasury shares in connection with rights issues, open offers or other pre-emptive offers in favour of holders of equity securities in proportion (as nearly as may be praticable) to their respective holdings of such securities or in accordance with the rights attaching there to (but with such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, record dates or other legal problems under the laws of, or any requirements of, any recognised regulatory body or any stock exchange, in any territory or as regards shares held by an approved depository or in issue in uncertificated form or otherwise howsoever); and

    (B) to the allotment of equity securities and the sale of treasury shares (otherwise than pursuant to sub-paragraph (A) above) up to an aggregate nominal value of £107,995;

    Such power shall expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the directors may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if the power conferred hereby had not expired."

By order of the Board – C.F. Anderson - Secretary, 9 May 2007. Registered Office – The Ugly Brown Building, 6a St. Pancras Way, London, NW1 0TB.

Notes:

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Annual General Meeting. A member so entitled may appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company.

2. A form of proxy is enclosed with this notice for use in connection with the business set out above. To be valid, the form of proxy and any power of attorney or other authority under which it is signed must be lodged with the Company's registrars, Capita IRG plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for the holding of the Meeting.

3. Completion and return of a proxy does not preclude a member from attending and voting at the meeting.

4. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 11.00 a.m. on 10 June 2007 shall be entitled to attend or vote at the above Annual General Meeting in respect of the number of shares registered in their name at the time.Changes to entries on the Register of Members after that time will be disregarded in determining the rights of the person to attend or vote at the meeting.

5. The amount of relevant securities for which authority to allot is sought under Resolution 7 represents 33.3 per cent. of the total ordinary share capital in issue of the Company and the amount of equity securities for which disapplication of pre-emption rights is sought under resolution 10 (B) represents 5 per cent. of the total ordinary share capital in issue of the Company.

TED BAKER
LONDON

www.tedbaker.com

A GOOD CRAFTSMAN NEVER BLAMES HIS TOOLS