TED BAKER
LONDON

REPORT & ACCOUNTS 2009 - 2010

'Ted's Growing About His Business'

Contents

Ted's advisers

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Ted Baker PLC - Registered in England No: 03393836

CHAIRMAN'S STATEMENT

I am delighted to report that Ted Baker has delivered a strong performance in an uncertain and challenging trading environment. We had anticipated a tough year and took the necessary actions to ensure that we were well placed to deal with the expected challenges. We believe this year's performance is testament to the strength of our brand and collections and our multi-channel distribution strategy.

The retail division delivered a good result with sales up 15.4% on a 13.6% increase in average retail square footage. Trading in the UK exceeded our expectations, but trading overseas remained difficult.

As anticipated, wholesale sales were down 21.2%. We estimate that around a quarter of this decline was due to the transfer of selected wholesale accounts to retail concessions, a third due to the closure of certain accounts that are no longer appropriate for our brand and the balance due to the difficult trading conditions experienced by some of our wholesale customers.

Licence income was in line with last year at £5.5m, although excluding the impact of Hartmarx Corporation, underlying licence income was up 9.5%.

Results

Group revenue increased by 7.2% to £163.6m (2009: £152.7m) for the 52 weeks ended 30 January 2010. Profit before tax and impairment increased by 3.6% to £20.3m (2009: £19.6m) and profit before tax increased by 9.8% to £19.5m (2009: £17.8m).

Basic earnings per share before impairment increased by 1.8% to 34.4p (2009: 33.8p) and basic earnings per share increased by 10.1% to 32.6p (2009: 29.6p).

The Group has a strong balance sheet and continues to maintain its focus on cash management. Net cash generated from operating activities during the period was £21.1m (2009: £11.1m).

Dividends

On the 23 February 2010 the Board announced the payment of a second interim dividend of 11.4p per ordinary share, which will be paid on 26 March 2010 to holders on the register on 5 March 2010. The Board is recommending the payment of a final dividend of 0.5p per share, making a total for the year of 17.15p per share (2009: 16.65p per share), an increase of 3.0% on the previous year. Subject to approval the final dividend will be paid on 18 June 2010 to those shareholders on the register on 14 May 2010.

People

This strong performance would not have been possible without the dedicated, innovative and creative culture of the Ted Baker team. The team's passion and commitment is a key factor of our success and I would like to take this opportunity to thank all my colleagues around the world for their contribution during the year.

It was announced on the 14 July 2009 that David Hewitt, who had been a Non-Executive Director since 1997, would be retiring from the Board. I would like to thank David for his extraordinary contribution to Ted Baker over the last 12 years. His retail and business experience has greatly benefited the Company during its period of growth since the flotation and we all wish him a long and healthy retirement.

Following David's retirement, David Bernstein succeeded him as the Senior Non-Executive Director and Chairman of the Remuneration Committee. Ronald Stewart was appointed Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees and I remain Chairman of the Nomination Committee.

Current Trading and Outlook

Retail

Trading in the UK has started well and we are encouraged by the improvement in recent months of our overseas markets. We continue to take advantage of opportunities in the US market and will be opening further stores in the US, in Chicago, Santa Monica, Phoenix and New York in the second half of the financial year.

Wholesale

We anticipate that 2010 will be a challenging year for our UK wholesale customers, although at this stage trading and forward order commitments are in line with our expectations.

There are no further structural changes envisaged for this division in the current year.

Following the termination of our licence agreement with Hartmarx Corporation last year, we have strengthened our team in the US market and re-launched our US wholesale business. We have been pleased by the reaction from the department stores and independents and will continue to explore opportunities to develop the brand further.

Licence Income

Our product and territorial licenses continue to perform in line with our expectations. Our territorial licensee, RSH Limited, continues to expand the Ted Baker brand across the Middle East and Asia and will be opening a further store in Dubai, in the Dubai Marina Mall, in April. We will also be opening a further store in Sydney, Australia with our joint venture partner in the territory towards the end of the year.

Since the year end, we have taken over the retail operations of our two stores in Hong Kong after our territorial licensing agreement with Li & Fung Group of Companies was cancelled by mutual consent. The licence for the Ted Baker stores in Taiwan, previously operated by Li & Fung Group, has been assumed by Yun San Corporation, a leading distributor of designer fashion, footwear and eyewear in Taiwan. All these stores continue to perform in line with our expectations and the changes in licensing agreements will have no material impact upon our trading and financial performance.

Group

The economic and political climate remains uncertain and we believe that 2010 will be a difficult trading year. Nevertheless, we have been encouraged by trading at the start of the new financial year and the positive reaction from our customers to our Spring/Summer collections.

We continue to take action to ensure our costs and commitments are controlled and in line with the trends anticipated for 2010 and we believe that we are well positioned to deal with the challenges and opportunities ahead.

We intend to make our next interim management statement, covering trading since the start of the financial year, on the 15 June 2010.

Robert Breare
Non-Executive Chairman
25 March 2010

‘A Clean Bill Of Health’

BUSINESS REVIEW

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; Phormal; Endurance; Born; Accessories; Lingerie and Underwear; Childrenswear; Fragrance and Skinwear; Footwear; Eyewear; and Watches.

Our Business

The brand has grown steadily from its origins as a single shirt specialist store in Glasgow to the global business it is today. We distribute through our own and licensed retail outlets, leading department stores and selected independents in Europe, the US, the Middle East and Asia.

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").

Global Group Performance

Retail

The retail division delivered a strong performance with sales increasing by 15.4% to £136.5m (2009: £118.2m). Average retail square footage rose by 13.6% over the period to 210,238 sq ft (2009: 185,102 sq ft). At 30 January 2010, total retail square footage was 217,733 sq ft (2009: 202,206 sq ft), representing an increase of 7.7% on the prior year. Retail sales per square foot remained broadly level at £649 against £639 in the prior year.

The retail gross margin was 64.9% (2009: 63.2%). In the United Kingdom, the gross margin benefited from less promotional activity in the second half of the financial year. This was partially offset by a lower gross margin in our overseas markets due to continued promotional activity in highly competitive markets.

Retail operating costs were controlled in line with the increase in average selling space. This, combined with the improvement in sales and gross margin, resulted in an improvement in retail operating contribution from 16.0% to 18.3%.

Wholesale

As anticipated, wholesale sales were 21.2% below last year, at £27.1m (2009: £34.4m). We estimate that around a quarter of this decline was due to the transfer of selected wholesale accounts to retail concessions, a third due to the closure of certain accounts that are no longer appropriate for our brand and the balance due to the difficult trading conditions experienced by some of our wholesale customers.

Wholesale gross margins were broadly in line with last year at 41.9% (2009: 42.5%). This slight reduction in the gross margin was due to sales to licence partners, at lower than average margins, accounting for a higher proportion of total wholesale sales.

Licence Income

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

Licence income was in line with last year at £5.5m, although, this year did not include a contribution from our former licence partner Hartmarx Corporation, who filed for protection under Chapter 11 of the US Bankruptcy Code in January 2009. Underlying licence income was up 9.5% due to good performances across all of our territorial and product licences.

As previously mentioned, since the year end we have taken over the retail operations of our two stores in Hong Kong and are now working with Yun San Corporation who have taken over the licence for our stores in Taiwan. These stores performed in line with our expectations during the year and the change in licensing agreements will have no material financial effects.

Collections

Ted Baker Menswear delivered a good performance over the year, particularly in the run up to Christmas with sales up 1.6% to £88.4m (2009: £87.0m).

In August we announced the launch of Born by Ted Baker, our highly designed men's casualwear collection and have been pleased with the response from our customers. Menswear represented 54.0% of total sales for the year (2009: 57.0%).

Ted Baker Womenswear delivered a strong performance with sales up 14.5% to £75.2m (2009: £65.7m) reflecting the growing strength of our Womenswear collections. Womenswear represented 46.0% of total sales (2009: 43.0%). A significant proportion of the increase in turnover was due to the transfer of wholesale accounts to concessions, resulting in an improvement in performance.

‘A Powerful Combination’

GEOGRAPHIC PERFORMANCE

United Kingdom and Europe

Sales in our UK and Europe retail division were up 17.3% to £126.4m (2009: £107.8m). Whilst the UK has performed ahead of our expectations, our European stores have faced challenging conditions.

Average square footage rose by 14.7% over the period to 180,606 sq ft (2009: 157,393 sq ft). At 30 January 2010, total retail square footage was 186,024 sq ft (2009: 174,148 sq ft) representing an increase of 6.8%. Retail sales per square foot increased from £671 to £690.

During the period we opened one new store at Heathrow Terminal One. At 30 January 2010 we operated 33 stores (2009: 32), 151 concessions (2009: 124) and 10 outlet stores (2009: 10).

We continue to develop our e-commerce business and during the year completed a series of further enhancements to our transactional website.

US

Trading conditions in the US continued to be very difficult during the year and as a result, sales for the period were down 16.3% to $15.9m (2009: $19.0m). These challenging conditions present us with an opportunity to take advantage of the environment and expand our business in the US market.

In October we opened our first store in Boston and have been pleased with initial trading and customer reactions. We also opened a further outlet store in Orlando, Florida. Average square footage rose by 6.9% over the period to 29,632 sq ft (2009: 27,709 sq ft) and retail sales per square decreased from $686 to $536. As at 30 January 2010 we operated 9 stores (2009: 8) and 2 outlet stores (2009: 1).

Middle East, Asia and Australasia

We continue to develop the Ted Baker brand across the Middle East, Asia and Australasia working closely with our partners in these territories to ensure the visual merchandising of the stores and the training of the teams reflects the Ted Baker culture.

As previously mentioned, we have taken over the retail operations of our two stores in Hong Kong and are delighted to now be working with Yun San Corporation in Taiwan.

Despite the difficult economic environment, trading across our stores was in line with our expectations. During the year we opened a second store in Taipei, in Taipei 101, which is performing very well and the total number of stores and concessions in these territories is now 18.

Our first store in Melbourne Australia, which is operated through a joint venture with our licence partner in the territory, traded well during the period and we opened a second store in Chadstone, Melbourne in October. We have been pleased by the performance to date and will continue to work with our licencee in this market to develop further opportunities for the brand.


'Wherever Ted
lays his hat'

FINANCIAL REVIEW

Revenue and Gross Margin

Group revenue increased by 7.2% to £163.6m (2009: £152.7m) due to a 15.4% increase in retail sales to £136.5m (2009: £118.2m) and a 21.2% decrease in wholesale sales to £27.1m (2009: £34.4m), which was in line with our expectations.

The composite gross margin for the Group increased to 61.1% (2009: 58.5%) as a result of retail representing a greater proportion of our sales mix and retail benefited from less promotional activity in the second half of the year resulting in an increase in the underlying retail gross margin to 64.9% (2009: 63.2%). Wholesale gross margins decreased marginally to 41.9% (2009: 42.5%).

The composite gross margin in the United Kingdom increased to 62.7% (2009: 59.1%) for the reasons above, whereas the composite gross margin in other territories fell to 47.6% (2009: 54.2%), due to continued promotional activity in highly competitive markets.

Operating Expenses

Operating expenses excluding impairment rose by 11.9% to £85.0m (2009: £75.9m). Excluding employee performance related bonus costs of £1.9m (2009: £nil), operating expenses rose by 9.4%. Distribution costs, which include the costs of retail stores, outlets and concessions, increased by 13.8% to £64.6m (2009: £56.7m), which was in line with the increase in average retail selling space. Administration expenses, excluding impairment and the employee performance related bonus, decreased by 3.7% to £18.5m (2009: £19.2m) demonstrating the actions we took in September 2008 to reduce costs.

Licence Income

Licence income was in line with last year at £5.5m, although, excluding Hartmarx Corporation ("Hartmarx"), who filed for protection under Chapter 11 of the US Bankruptcy Code in January 2009, underlying licence income increased by 9.5%. Our licence agreement with Hartmarx was terminated on 1 July 2009 and we have subsequently signed new licence agreements directly with companies who previously held product sub-licences with Hartmarx and with a Canadian distributor previously contracted by Hartmarx.

We have not recognised the unpaid royalty income from Hartmarx for the period October 2008 through to the termination of this agreement.

Profit Before Tax

Profit before tax and impairment grew by 3.6% to £20.3m (2009: £19.6m). This result was after the payment of employee performance related bonuses of £1.9m (2009: £nil), relating to the over achievement of internal targets in the financial year.

Impairment Losses

The Group incurred a £0.8m impairment loss in relation to the carrying value of retail assets in Eire. We have faced very challenging conditions in this market and believe that the recovery period will be longer than our other overseas markets. This accounting charge has no cash flow effect on the Group.

Finance Income and Expenses

Net interest payable during the year of £0.1m was in line with the prior year (2009: £0.2m).

The foreign exchange loss during the year of £0.2m (2009: gain £0.7m) was principally due to the effect of the weakening of both the US Dollar and the Euro on the retranslation of monetary assets and liabilities denominated in foreign currencies.

Taxation

The Group tax charge for the year was £6.0m (2009: £5.2m), an effective tax rate of 30.6% (2009: 29.3%). The underlying tax rate (excluding impairment) was 29.5% and we expect our effective rate to remain at around 29.0%.

Cash Flow

Net cash generated from operating activities was £21.1m (2009: £11.1m). The increase on the prior year is principally due to a decrease in working capital as opposed to an increase in the prior year, but also reflected the increased profit in the period and the benefit of foreign currency purchases hedged at favourable rates.

Total working capital as per the Group balance sheet, which comprises inventories, trade and other receivable and trade and other payables increased by £0.4m to £28.4m (2009: £28.0m). The movement in working capital as per the Group cash flow statement is lower due to translation differences.

Capital expenditure of £4.5m (2009: £11.8m) reflected the opening and refurbishment of stores, concessions and outlets. The reduction in capital expenditure reflected 15,527 sq ft of new retail space opened in the current year against 36,945 sq ft in the prior year.

There were no own shares acquired during the year, whereas 500,000 own shares were acquired during the prior year at a cost of £2.0m.

Shareholder Return

Basic earnings per share before impairment increased by 1.8% to 34.4p (2009: 33.8p) and basic earnings per share increased by 10.1% to 32.6p (2009: 29.6p).

A second interim dividend per share will be paid on 26 March 2010 at 11.4p per share and a proposed final dividend of 0.5p per share will make a total for the year of 17.15p per share (2009: 16.65p per share), an increase of 3.0% on the previous year.

Free cash flow per share, which is calculated using the net cash generated from activities, was 48.8p (2009: 26.0p).

Currency Management

The most significant exposure to foreign exchange fluctuation relates to purchases made in foreign currencies, principally the US Dollar and the Euro.

A proportion of the Group's purchases are hedged in accordance with the Group's risk management policy, typically 12 months in advance. The balance of purchases is naturally hedged as the business operates internationally and income is generated in the local currency.

At the balance sheet date, the Group had hedged its projected commitments in respect of the year ending January 2011.

Borrowing Facilities

The Group has borrowing facilities of £15.0m (2009: £20.0m) available to it. The facilities comprise an unsecured committed facility of £2.25m and a revolving advance facility of £5.25m with the Royal Bank of Scotland PLC and an uncommitted, unsecured multi-option facility of £7.5m with Barclays Bank PLC.

At the balance sheet date, the borrowing facilities were unutilised.

'Ted Baker - A Thoroughbred Business'

FINANCIAL REVIEW Continued

Principal Risks and Uncertainties

The current unprecedented trading environment has affected, and will continue to affect, all areas of our business. We also recognise that we will be affected by the impact this will have on our customers, partners and suppliers.

The Board recognises there are a number of risks and uncertainties that face the Group. The Board has established a structured approach to identify, assess and manage these risks and this is regularly monitored and updated by the Risk Committee. Although not exhaustive, the following list highlights some of the main issues:

Strategic risks

Economic environment
Global, economic and financial factors affecting our suppliers, customers and partners are monitored closely, ensuring that we are prepared for and can react to changes in the environment.

Brand
We are a brand and we rely on our teams, trustees and partners to protect the 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.

As with all fashion brands there is a risk that our offer will not meet the needs of our customers.

Operational risks

Cost inflation
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. Operating costs are monitored regularly to ensure that any cost increases are quickly identified and appropriate action is taken.

Infrastructure
The risk of operational problems including disruption to the infrastructure that supports our business are mitigated against through business continuity planning, which is constantly updated by the Risk Committee, and insurance cover for business disruption.

People
The Board recognises the importance of our teams within the business and has put in place a structure that minimises reliance on key individuals.

IT security
The continuing growth of the business, both in the UK and overseas, and advances in technology have resulted in more data being transmitted, posing an increased security risk. There is also the possibility of unintentional loss of controlled data by authorised users. Commitment of additional specialist resources and the continual upgrading of security equipment and software mitigate these risks.

Financial risks

Currency risk
The Group uses financial instruments in order to manage the majority of its exposures that arise from its business operations as a result of movements in financial markets. An element of this exposure is mitigated through natural hedges as the Group generates revenues in local currency in the United States and Europe. Treasury activities are focused on the management and hedging of risk. It is the Group's policy not to trade financial instruments or to engage in speculative financial transactions. There have been no significant changes in the Group's policies in the period.

The principal economic and market risks continue to be movements in foreign currency exchange rates and interest rates. Exposures to these risks are managed by the Group Treasury function which operates within written policies approved by the Board and within the internal control framework.

Counterparty credit risk
Credit risk arises on credit exposure to wholesale customers

including outstanding receivables and committed transactions. However, this risk is substantially mitigated by insurance being taken out up to the amount of the credit limit.

The Group has an established policy for managing counterparty credit risk. A common framework exists to measure, report and control exposures to counterparties across the Group. The limits applied to each customer are set in conjunction with our credit insurer's advice. Monitoring of credit limits is undertaken on a daily basis.

The Group also faces the risk of counterparties to financial instruments not performing in accordance with the terms of a contract or instrument. This risk is minimised by engaging only reputable banks or financial institutions and by broadening our exposure to a number of different financial institutions.

Cautionary statement regarding forward-looking statements

This document contains certain forward-looking statements. These forward-looking statements include matters that are not historical facts or are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Company operates. Forward-looking statements are based on the information available to the directors at the time of preparation of this document, and will not be updated during the year. The directors can give no assurance that these expectations will prove to be correct. Due to inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

'Best On Shoe'

Robert Breare

Non-Executive Chairman (57)

Robert has extensive experience of consumer facing businesses and was formerly a founder and Chief Executive Officer of Arcadian International Plc, which included Malmaison Hotels. Robert is a non-executive chairman of Individual Restaurant Company plc and holds other non-executive positions. He is chairman of the nomination committee and a member of the audit and remuneration committees. Robert is an independent director.

Raymond Stuart Kelvin

Chief Executive (54) ('Closest Man To Ted')

Ray, the founder of Ted Baker, has worked in the fashion industry for over 36 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 (51)

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 (66)

David is non-executive chairman of Blacks Leisure plc, Sports and Leisure Group Ltd and Wembley National Stadium Limited and a non-executive director of Carluccios plc. Previously he was joint managing director of Pentland Group Plc and chairman of French Connection plc and Manchester City plc. 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.

Ronald Stewart

Non-Executive (62)

Ron was appointed as a non-executive director on 25 February 2009. Ron spent all his 39 year banking career at The Royal Bank of Scotland PLC, retiring in 2003 as Deputy Managing Director of its Corporate Banking Department in London. He is a Trustee of several Christian charities and a Governor of Reeds School in Surrey. He is chairman of the audit committee and a member of the nomination and remuneration committees. Ron is an independent director.

The directors present their annual report on the affairs of the Group, together with the accounts and auditors' report, for the 52 weeks ended 30 January 2010. The comparative period is for the 53 weeks ended 31 January 2009.

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 in Eire and Hong Kong.

Business Review and Future Prospects

A commentary on the Group's progress during the period, its future prospects and a description of principal risks and uncertainties are set out in the Chairman's Statement and Business Review on pages 2 to 6.

Results and Dividends

The audited accounts for the 52 weeks ended 30 January 2010 are set out on pages 29 to 67. The Group profit for the 52 weeks, after taxation, was £13,527,000 (2009: £12,568,000). The directors recommend a final dividend of 0.5p per ordinary share (2009: 11.4p) payable on 18 June 2010 to ordinary shareholders on the register on 14 May 2010 which, together with the interim dividend of 5.25p per share (2009: 5.25p per share) paid on 27 November 2009 and the second interim dividend of 11.4p per share (2009: nil) to be paid on 26 March 2010, makes a total of 17.15p per share for the period (2009: 16.65p per share).

Directors

The directors during the financial year were those listed on page 12 other than David Hewitt who retired as a director on 14 July 2009. Details of the directors' beneficial interests in the shares of the Company and their options are given in the Directors' Remuneration Report. Brief details of the career of each director are set out on page 12.

Mr. L D Page and Mr. R Breare will retire by rotation at the next annual general meeting and, being eligible, will offer themselves for re-election.

Substantial Shareholdings

On 25 March 2010, the Company had been notified, in accordance with the Disclosure Rules and Transparency Rules (DTR5), of substantial interests in the ordinary share capital of the Company. For details see the table below.

Share Capital and Control

As at 30 January 2010, the Company's authorised share capital was 80,000,000 ordinary shares of 5 pence each (in nominal value). Details of the Company's share capital are shown in Note 19 to the consolidated financial statements on page 53. On 30 January 2010 there were 43,198,033 ordinary shares in issue of which the Company holds 1,579,557 ordinary shares in treasury. The Company may not exercise any rights (such as voting rights) in respect of the treasury shares and the treasury shares carry no right to receive dividends or other distributions of assets.

The rules about the appointment and replacement of directors are contained in the Company's Articles of Association.

Specific rules regarding the re-election of directors are referred to in the Corporate Governance Statements report. Changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time. The powers of the directors are determined by legislation and the Articles of Association of the Company in force from time to time. Powers relating to the issuing and buying back of shares are included in the Company's Articles of Association and shareholder approval of such authorities

Name Of Holder	*Number*	*% Held*
R S Kelvin	16,537,276	39.7
Schroder Investment Management	3,449,777	8.3
Fidelity Investments	3,084,891	7.4
Scottish Widows	2,658,002	6.4
Legal & General Group	2,289,008	5.5
PSigma Asset Management	1,340,017	3.2
Threadneedle Investment Service	1,258,476	3.0

During the period between 25 March 2010 and 6 May 2010, being the latest date prior to the posting of the annual report and accounts, the following information has been disclosed to the Company in accordance with DTR5. On 8 April 2010, Fidelity Investments advised the Company that it now holds 2,140,998 shares, which represents 5.1%.

may be sought, if considered appropriate by the directors, at the annual general meeting.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts, bank loan agreements and employee share schemes. None of these is deemed to be significant in terms of its potential impact on the business of the Company.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover, save that the Company's share schemes contain provisions which may cause options and awards granted to employees to vest on a takeover.

Directors' Interests

The directors who held office at 30 January 2010 had interests in the shares of Ted Baker PLC as shown in the table below.

No changes took place in the interests of directors between 30 January 2010 and 25 March 2010.

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 34 days (2009: 61 days). At the year end the Company had no trade creditors.

Donations

The value of donations made during the period were £2,450 (2009: £Nil).

Disabled Employees

Applications for employment by disabled persons are always fully and fairly 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 as being given the financial and economic reasons behind the Group performance. The Group operates a bi-annual performance review system with each employee to discuss personal and career development.

The Group believes 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

Directors' Interests

	% of share capital	*30 January 2010 Beneficial*	*31 January 2009 Beneficial*
R S Kelvin	39.7	16,537,276	16,537,276
L D Page	0.8	318,851	313,497

During the period between 25 March 2010 and 6 May 2010, being the latest date prior to the posting of the annual report and accounts, there have been no subsequent changes in the interests of directors.

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 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. As part of the Group's commitment to energy efficiency, and its ongoing programme to seek improvements in this area, the Group became a member of Green500, a London Development Agency initiative, during 2008. The primary focus of Green500 is to reduce the CO2 emissions of some of London's largest businesses in an effort to meet targets committed to by the UK Government and in the London Mayor's Energy Strategy.

Health and Safety

The Group remains committed to providing 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, reviews and resolves any health and safety issues.

Risk Management

The Company's policies on currency and interest rate risk are outlined in Note 22 of the Financial Statements.

Directors' Statement Regarding Disclosure of Information to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. Further, 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 any such 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 25 March 2010 and signed on its behalf by:

C F Anderson,
Secretary

Registered office - The Ugly Brown Building, 6a St. Pancras Way, London NW1 0TB

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 June 2008 (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. 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 12.

David Bernstein has held the position of non-executive director since 2003 and has been confirmed by the Board as the Company's senior independent director. 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.

On 25 February 2009 the Board appointed Ron Stewart as an independent non-executive director. Prior to his retirement in 2003, Ron was Deputy Managing Director Corporate Banking (London) of The Royal Bank of Scotland PLC and has over 39 years of banking experience.

Board and committee attendance

The table below details the number of Board and committee meetings held during the 52 weeks ended 30 January 2010 and the attendance record of each director.

Audit Committee

Ronald Stewart was appointed chairman of the Audit Committee on 14 July 2009, succeeding Robert Breare who will remain a member of this committee. The other committee members were David Bernstein and David Hewitt up to his retirement on 14 July 2009. The Board considers Robert Breare to be independent because he was independent on appointment as chairman of the Company.

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 consider any matters raised by the auditors.

	Board meetings	*Audit committee*	*Remuneration committee*	*Nomination committee*
Number of meetings held	11	2	4	1
Robert Breare	9	2	4	1
David A Bernstein	10	2	4	1
David B Hewitt	4	1	3	1
Ronald Stewart	10	2	1	-
Raymond S Kelvin	10	-	-	-
Lindsay D Page	10	-	-	-

Ronald Stewart was appointed as a non-executive director on 25 February 2009 and chairman of the Audit Committee on 14 July 2009. He was also appointed a member of the Nomination and Remuneration Committees on the same date. David B Hewitt retired from the Company on 14 July 2009.

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 consider 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 up to his retirement on 14 July 2009. Ronald Stewart was appointed to the committee on 14 July 2009. 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. During the period, there was one meeting resulting in the appointment of Ron Stewart as an independent non-executive director on 25 February 2009.

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 one third of the Directors for the time being to retire, and each Director to retire from office at least once every three years. A retiring Director is eligible for re-election.

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.

Conflicts of interests

Following approval at the 2008 Annual General Meeting, the Company's Articles of Association were amended to take account of certain provisions of the Companies Act 2006 relating to directors' conflicts of interest. These provisions permit the Board to consider, and if thought fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has adopted procedures for the approval of such conflicts. The Board's powers to authorise conflicts are operating effectively and the procedures are being followed.

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 Turnbull 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 the 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 affects 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.

As well as complying with the provisions of the Combined 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 requirements of paragraph 11 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 regarding the contents of the report.

Procedures for Developing Policy and Fixing Remuneration

David Hewitt was the chairman of the remuneration committee up to his retirement from the Company on 14 July 2009 and was succeeded by David Bernstein on the same date. David Bernstein had been a member of this committee up to this date and the other committee members included Robert Breare and Ronald Stewart. 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 Monks Partnership (an associate firm of PriceWaterhouseCoopers which 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.

The Remuneration Committee met 4 times during the year, and all members of the Committee attended.

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 according to the levels of value generated for 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.

Non-executive directors are remunerated with fees in line with market rates. They do not receive any pension or other benefits, other than reasonable expenses, and they do not participate in any bonus or share schemes.

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 22.

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 ("LTIPs") and Share Options

The Company strongly believes that executives should participate in an equity-based incentive which supports the Company's overall business strategy and objectives. In addition, share ownership by executives strengthens the link between their personal interests and those of the shareholders.

This has historically been approached through annual grants of conditional share awards under the Performance Share Plan and grants of share options every three to five years under the 1997 Executive Share Option Scheme and/or the Performance Share Plan. These plans 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 was usually to grant share options based on between one and four times an individual's annual remuneration, and to grant conditional awards based on one times an individual's annual remuneration.

In 2009, the Remuneration Committee reviewed the existing conditional share awards and share options and concluded that, given the economic climate and the challenging earnings based performance criteria that these were subject to, they were unlikely to act as a strong incentive to management. After also taking account of the changing views of institutional shareholders and regulatory bodies, the Remuneration Committee decided that it would be more appropriate to introduce a plan that focuses executives on shareholder returns, by having the rewards earned directly linked to share price performance and total shareholder return exceeding the return on an appropriate index. The Ted Baker 2009 Value Creation Plan was therefore proposed and approved by shareholders at the General Meeting held on 16 June 2009.

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

The Ted Baker 2009 Value Creation Plan

Under this plan, an award of units is made which has no value at grant but, subject to satisfaction of earnings per share, share price and total shareholder return performance targets, converts into nil cost options to acquire ordinary shares in the Company at the end of the three year performance period. Conversion of units is based on each unit having a value calculated by reference to a pool of value, being 12.5 per cent of the market value of all issued ordinary shares in the Company above the share price growth target (described in the next paragraph) multiplied by the number of ordinary shares in issue at that date, and then divided by the total number of units awarded. The aggregate value of the units held by an executive is then divided by the market price per share on conversion to determine the number of shares subject to that executive's nil cost options. A nil cost option over 50 per cent of the shares will be granted to the executive at the end of the performance period and a further nil cost option over the balance of the shares after a further year.

The terms and conditions of the awards of units granted on 13 August 2009 are as follows:

- no benefit is provided unless the earnings per share growth over the performance period is greater than 5 per cent per annum compound above the consensus forecasts for the financial year ending January 2010;
- no benefit is provided unless the share price growth is greater than 10 per cent per annum compound over the performance period; and
- no benefit is provided unless total shareholder return exceeds the return on the FTSE General Retail Sector Index over the performance period.

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 7.5 per cent per annum, 25 per cent of the options will be exercisable, rising on a straight line basis to 100 per cent if compound growth of 12.5 per cent per annum is achieved. Mr R S Kelvin and Mr L D Page hold options under this scheme.

The Ted Baker Performance Share Plan

Under this plan, both conditional share 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. For awards made on 23 March 2007, compound earnings per share growth had to be at least 10 per cent per annum for 25 per cent of the award to vest, rising on a straight line basis to 100 per cent if compound growth of 15 per cent per annum was achieved. For awards made on 4 April 2008, if compound earnings per share growth is at least 7.5 per cent per annum, 25 per cent of the awards will vest, rising on a straight line basis to 100 per cent if compound growth of 12.5 per cent per annum is achieved. Shares will normally be received in two equal tranches, one immediately 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 hold awards under this plan.
- The exercise of share options is subject to the same performance conditions as the 1997 Executive Share Option Scheme.

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 L D Page holds options under this scheme.

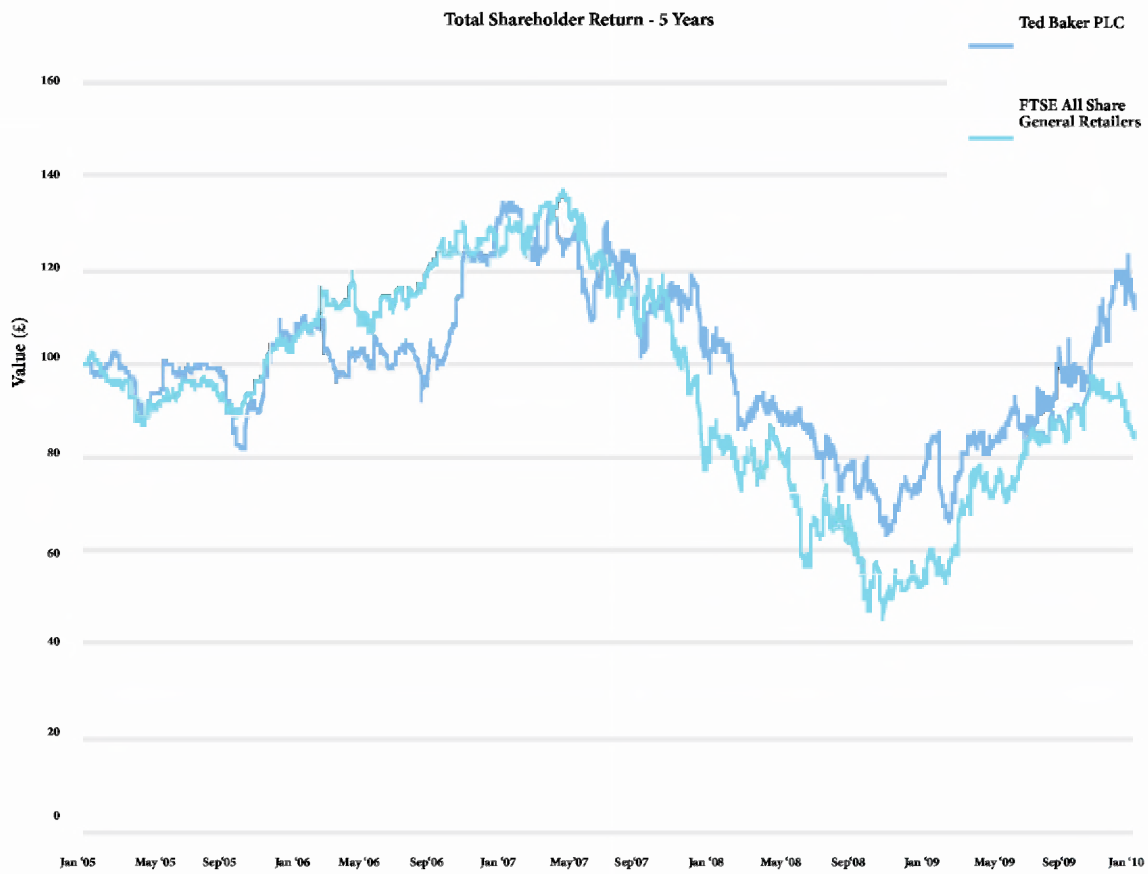
Contracts of Service

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
Raymond S Kelvin	17 July 1997	12 months	12 months	None
Lindsay D Page	17 July 1997	12 months	12 months	None
Ronald Stewart	25 February 2009	6 months	6 months	None

Total shareholder value

The following graph charts the total cumulative shareholder return of the Company from January 2005 to January 2010.



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 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Emoluments	1,037	633
Money purchase pension contributions	31	31
	1,068	**664**

Directors' emoluments

	Fees/basic salary	*Benefits*	*Performance related bonus*	*52 weeks ended 30 January 2010*	*53 weeks ended 31 January 2009*
	£'000	£'000	£'000	£'000	£'000
Executive					
R S Kelvin	275	12	206	493	283
L D Page	250	2	180	432	250
Non-executive					
R Breare	40	-	-	40	40
D A Bernstein	30	-	-	30	30
D B Hewitt	14	-	-	14	30
R Stewart	28	-	-	28	-
	637	**14**	**386**	**1,037**	**633**

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.

Directors Share Options

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

	31 January 2009 No. of shares	*Options (exercised) or granted No. of shares*	*30 January 2010 No. of shares*	*Option price p*	*Earliest date of exercise*	*Expiry Date*
LD Page	5,354	(5,354)	-	296.0	1 February 2009	1 August 2009
LD Page	-	5,165	5,165	303.0	1 July 2014	1 January 2015

Options granted to directors' under the Ted Baker Performance Share Plan were as follows:

	31 January 2009 No. of shares	Options (exercised) or granted No. of shares	30 January 2010 No. of shares	Option price p	Earliest date of exercise	Expiry Date
R S Kelvin	137,681	-	137,681	414.0	30 January 2011	29 January 2018
L D Page	113,527	-	113,527	414.0	30 January 2011	29 January 2018

Options granted to directors' under the 1997 Executive Share option scheme were as follows:

	31 January 2009 No. of shares	Options (exercised) or granted	31 January 2010 No. of shares	Option price p	Earliest date of exercise	Expiry Date
R S Kelvin	8,453	-	8,453	354.9	28 October 2011	27 October 2018
L D Page	8,499	-	8,499	353.0	22 October 2011	21 October 2018

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 and the Ted Baker 2009 Value Creation Plan (the "2009 VCP") which was approved in a General Meeting on 16 June 2009.

On 23 March 2007, 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 30 January 2010. 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 20. Diluted earnings per share fell by a compound rate of 1.0% during the three years resulting in none of the shares vesting.

	Share price at award date	No. of shares awarded	Share price at first vesting date	No. of shares vested
R S Kelvin	611.5p	43,793	-	-
L D Page	611.5p	38,537	-	-

On 4 April 2008, 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 29 January 2011. 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 20.

	Share price at award date	No. of shares awarded	Share price at first vesting date	No. of shares vested
R S Kelvin	414.0p	66,425	-	-
L D Page	414.0p	57,971	-	-

On 13 August 2009, the Remuneration Committee made the award of units set out below under the 2009 VCP for the three years ending 12 August 2012. Awards under the 2009 VCP are subject to growth in earnings per share, share price and total shareholder return over a three year period, details of which may be found on page 20.

	Average share price at award date	No. of units awarded	Share price at first	No. of shares vested
R S Kelvin	376.1p	17,900 (17.9% of total issued units)	-	-

	Average share price at award date	No. of units awarded	Share price at first	No. of shares vested
L D Page	376.1p	15,600 (15.6% of total issued units)	-	-

Directors' pension

	52 weeks ended 30 January 2010	53 weeks ended 31 January 2009
	£'000	£'000
L D Page	31	31

David Bernstein
Chairman of the Remuneration Committee


'Figures… Millions of them'

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. 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 adequate accounting records that are sufficient to show and explain the parent company's transactions and 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 2006. 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 a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies 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.

Responsibility statement of the directors in respect of the Annual Report

We, the directors of the Company, confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit for the Group and the undertakings included in the consolidation taken as a whole; and

(b) pursuant to Chapter 4 of the Disclosure and Transparency Rules, the Group's annual report contains a fair review of the development and performance of the business and the position of the Group, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

R S Kelvin
Chief Executive

25 March 2010

L D Page
Finance Director

25 March 2010

Independent Auditors' Report to the Members of Ted Baker PLC

We have audited the financial statements of Ted Baker PLC for the 52 weeks ended 30 January 2010 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Cash Flow Statement, the Group and Parent Statement of Changes in Equity, the Group Statement of Comprehensive Income and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 January 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 14, in relation to going concern; and
- the part of the Corporate Governance Statement in the Directors' report relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Mike Barradell (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

25 March 2010

Group Income Statement

For the 52 weeks ended 30 January 2010

	Note	*52 weeks ended 30 January 2010*	*53 weeks ended 31 January 2009*
		£'000	£'000
Revenue	2	163,586	152,661
Cost of sales		(63,659)	(63,295)
Gross profit		**99,927**	**89,366**
Distribution costs		(64,573)	(56,744)
Administrative expenses			
- Other administrative expenses		(20,395)	(19,204)
- Impairment losses		(750)	(1,786)
Licence income		5,493	5,476
Other operating income		80	53
Operating profit		**19,782**	**17,161**
Finance income	4	10	837
Finance expenses	4	(374)	(307)
Share of profit of jointly controlled entity, net of tax	12	86	75
Profit before tax	3,6	**19,504**	**17,766**
Income tax expense	6	(5,977)	(5,198)
Profit for the period		**13,527**	**12,568**
Attributable to:			
- Equity shareholders of the parent company		13,576	12,593
- Non-controlling interest		(49)	(25)
Profit for the period		**13,527**	**12,568**
Earnings per share	9		
Basic		32.6p	29.6p

Group Statement of Comprehensive Income

For the 52 weeks ended 30 January 2010

	52 weeks ended 30 January 2010	*53 weeks ended 31January 2009*
	£'000	£'000
Profit for the period	**13,527**	**12,568**
Other comprehensive income		
Net effective portion of changes in fair value of cash flow hedges	(1,334)	3,771
Net change in fair value of cash flow hedges transferred to profit or loss	(391)	(2,309)
Exchange rate movement	(1,058)	1,702
Other comprehensive income for the period	**(2,783)**	**3,164**
Total comprehensive income for the period	**10,744**	**15,732**
Total comprehensive income attributable to:		
- Equity shareholders of the parent company	10,793	15,757
- Non-controlling interest	(49)	(25)
Total comprehensive income for the period	**10,744**	**15,732**

Group Statement of Changes in Equity

For the 52 weeks ended 30 January 2010

	Share capital	*Share premium*	*Cash flow hedging reserve*	*Translation reserve*	*Retained earnings*	*Total equity attributable to equity shareholders of the parent*	*Non-controlling interest*	*Total equity*
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 January 2009	**2,160**	**9,137**	**1,713**	**1,182**	**48,010**	**62,202**	**(36)**	**62,166**
Comprehensive income for the period								
Profit for the period	-	-	-	-	13,576	13,576	(49)	13,527
Deferred tax associated with movement in hedging reserve	-	-	(375)	-	-	(375)	-	(375)
Effective portion of changes in fair value of cash flow hedges	-	-	(959)	-	-	(959)	-	(959)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	(391)	-	-	(391)	-	(391)
Exchange rate movement	-	-	-	(1,058)	-	(1,058)	-	(1,058)
Total comprehensive income for the period	-	-	**(1,725)**	**(1,058)**	**13,576**	**10,793**	**(49)**	**10,744**
Transactions with owners recorded directly in equity								
Share options / awards charge	-	-	-	-	192	192	-	192
Movement on current / deferred tax on share options / awards	-	-	-	-	13	13	-	13
Disposal of own / treasury shares	-	-	-	-	43	43	-	43
Dividends paid	-	-	-	-	(6,928)	(6,928)	-	(6,928)
Total transactions with owners	-	-	-	-	**(6,680)**	**(6,680)**	-	**(6,680)**
Balance at 30 January 2010	**2,160**	**9,137**	**(12)**	**124**	**54,906**	**66,315**	**(85)**	**66,230**

For the 53 weeks ended 31 January 2009

	Share capital	*Share premium*	*Cash flow hedging reserve*	*Translation reserve*	*Retained earnings*	*Total equity attributable to equity shareholders of the parent*	*Non-controlling interest*	*Total equity*
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 26 January 2008	**2,160**	**9,137**	**251**	**(520)**	**44,695**	**55,723**	**(11)**	**55,712**
Comprehensive income for the period								
Profit for the period	-	-	-	-	12,593	12,593	(25)	12,568
Deferred tax associated with movement in hedging reserve	-	-	375	-	-	375	-	375
Effective portion of changes in fair value of cash flow hedges	-	-	3,396	-	-	3,396	-	3,396
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	(2,309)	-	-	(2,309)	-	(2,309)
Exchange rate movement	-	-	-	1,702	-	1,702	-	1,702
Total comprehensive income for the period	-	-	**1,462**	**1,702**	**12,593**	**15,757**	**(25)**	**15,732**
Transactions with owners recorded directly in equity								
Share options / awards credit	-	-	-	-	(301)	(301)	-	(301)
Movement on current / deferred tax on share options / awards	-	-	-	-	(44)	(44)	-	(44)
Own shares acquired	-	-	-	-	(2,014)	(2,014)	-	(2,014)
Disposal of own / treasury shares	-	-	-	-	64	64	-	64
Dividends paid	-	-	-	-	(6,983)	(6,983)	-	(6,983)
Total transactions with owners	-	-	-	-	**(9,278)**	**(9,278)**	-	**(9,278)**
Balance at 31 January 2009	**2,160**	**9,137**	**1,713**	**1,182**	**48,010**	**62,202**	**(36)**	**62,166**

Company Statement of Changes in Equity

For the 52 weeks ended 30 January 2010

	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 January 2009	**2,160**	**9,137**	**14,445**	**453**	**26,195**
Profit for the period	-	-	-	**21,781**	**21,781**
Transactions with owners recorded directly in equity					
Share options / awards charge	-	-	-	32	32
Share options / awards granted to subsidiary employees	-	-	160	-	160
Disposal of own shares	-	-	-	43	43
Dividends paid	-	-	-	(6,928)	(6,928)
Total transactions with owners	-	-	**160**	**(6,853)**	**(6,693)**
Balance at 30 January 2010	**2,160**	**9,137**	**14,605**	**15,381**	**41,283**

For the 53 weeks ended 31 January 2009

	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 26 January 2008	**2,160**	**9,137**	**14,711**	**483**	**26,491**
Profit for the period	-	-	-	**8,938**	**8,938**
Transactions with owners recorded directly in equity					
Share options / awards credit	-	-	-	(35)	(35)
Share options / awards granted to subsidiary employees	-	-	(266)	-	(266)
Own shares acquired	-	-	-	(2,014)	(2,014)
Disposal of own shares	-	-	-	64	64
Dividends paid	-	-	-	(6,983)	(6,983)
Total transactions with owners	-	-	**(266)**	**(8,968)**	**(9,234)**
Balance at 31 January 2009	**2,160**	**9,137**	**14,445**	**453**	**26,195**

Group and Company Balance Sheet

At 30 January 2010

	Note	Group 30 January 2010	Company 30 January 2010	Group 31 January 2009	Company 31 January 2009
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	10	634	-	673	-
Property, plant and equipment	11	25,508	-	28,701	-
Investments in subsidiary	12	-	16,694	-	16,534
Investment in equity accounted investee	12	171	-	85	-
Deferred tax assets	13	1,598	-	904	-
Prepayments		842	-	961	-
		28,753	**16,694**	**31,324**	**16,534**
Current assets					
Inventories	14	33,450	-	37,315	-
Trade and other receivables	15	19,698	24,112	20,466	9,152
Amount due from equity accounted investee	12	261	-	139	-
Derivative financial assets	16	280	-	2,444	-
Cash and cash equivalents	17	13,698	489	4,660	511
		67,387	**24,601**	**65,024**	**9,663**
Current liabilities					
Trade and other payables	18	(24,779)	(12)	(29,806)	(2)
Income tax payable		(3,511)	-	(3,801)	-
Derivative financial liabilities	16	(304)	-	-	-
		(28,594)	**(12)**	**(33,607)**	**(2)**
Non-current liabilities					
Deferred tax liabilities	13	(1,316)	-	(575)	-
		(1,316)	**-**	(575)	**-**
Net assets		**66,230**	**41,283**	**62,166**	**26,195**
Equity					
Share capital	19	2,160	2,160	2,160	2,160
Share premium	19	9,137	9,137	9,137	9,137
Other reserves	19	(12)	14,605	1,713	14,445
Translation reserve	19	124	-	1,182	-
Retained earnings	19	54,906	15,381	48,010	453
Total equity attributable to equity shareholders of the parent company		**66,315**	**41,283**	**62,202**	**26,195**
Non-controlling interest		(85)	-	(36)	-
Total equity		**66,230**	**41,283**	**62,166**	**26,195**

These financial statements were approved by the Board of Directors on 25 March 2010 and were signed on its behalf by:

L D Page
Director

Group and Company Cash Flow Statement

For the 52 weeks ended 30 January 2010

	Group 52 weeks ended 30 January 2010	*Company 52 weeks ended 30 January 2010*	*Group 53 weeks ended 31 January 2009*	*Company 53 weeks ended 31 January 2009*
	£'000	£'000	£'000	£'000
Cash generated from operations				
Profit for the period	13,527	21,781	12,568	8,938
Adjusted for:				
Income tax expense	5,977	-	5,198	-
Depreciation	6,295	-	5,990	-
Impairment losses	750	-	1,786	-
Loss on disposal of property, plant & equipment	110	-	106	-
Share options / awards charge / (credit)	192	32	(301)	(35)
Net finance losses / (gains)	138	(3)	161	(41)
Net change in derivative financial assets and liabilities	1,118	-	1,087	-
Share of profit in joint venture	(86)	-	(75)	-
Decrease in non-current prepayments	64	-	80	-
Decrease / (increase) in inventory	3,026	-	(5,923)	-
Decrease / (increase) in trade and other receivables	1,649	(14,960)	(11,159)	(442)
(Decrease) / increase in trade and other payables	(4,908)	10	6,967	1
Interest paid	(157)	-	(330)	-
Income taxes paid	(6,602)	-	(5,052)	-
Net cash generated from operating activities	**21,093**	**6,860**	**11,103**	**8,421**
Cash flow from investing activities				
Purchases of property, plant & equipment	(4,538)	-	(11,828)	-
Proceeds from sale of property, plant & equipment	-	-	14	-
Interest received	8	3	149	41
Net cash from investing activities	**(4,530)**	**3**	**(11,665)**	**41**
Cash flow from financing activities				
Own shares acquired	-	-	(2,014)	(2,014)
Proceeds from option holders for exercise of options	43	43	64	64
Dividends paid	(6,928)	(6,928)	(6,983)	(6,983)
Net cash from financing activities	**(6,885)**	**(6,885)**	**(8,933)**	**(8,933)**
Net increase / (decrease) in cash and cash equivalents	**9,678**	**(22)**	**(9,495)**	**(471)**
Cash and cash equivalents at 31 January 2009 / 26 January 2008	**4,660**	**511**	**13,105**	**982**
Exchange rate movement	(640)	-	1,050	-
Cash and cash equivalents at 30 January 2010 / 31 January 2009	**13,698**	**489**	**4,660**	**511**

1) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and parent 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 consolidated and parent financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'). On publishing the parent company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 4 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement on pages 2 and 3. In addition Note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group has sufficient financial resources. As a consequence the Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and to continue in operational existence for the foreseeable future, despite the current uncertain global economic outlook. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

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

The preparation of financial statements in conformity with adopted IFRSs 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.

The following adopted accounting standards and interpretations, issued by the International Accounting Standards Board (IASB) or International Financial Reporting, Interpretations Committee (IFRIC), have been adopted for the first time by the Group in the current financial year with no significant impact on its consolidated results or financial position:

- Determination of operating segments - As of 1 January 2009 the Group has adopted IFRS 8, Operating Segments. The new accounting policy in respect of segment operating disclosures has led to a change in the number and/or definition of segments previously presented on the basis that the information disclosed is consistent to that provided to the Board (see note 2 for further details).

- Presentation of financial statements - the Group has applied revised IAS 1, Presentation of financial statements, which became effective as of 1 January 2009. Comparative information has been represented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects there is no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

- Accounting for marketing expenditure - the Group has applied in its financial statements amended IAS 38, Intangible Assets, which clarify the accounting for the Group's marketing expenditure. This amendment has no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

- IAS 23 (Revised), Borrowing Costs, has removed the option of immediately recognising, as an expense, borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised standard requires such borrowing costs to be capitalised as part of the cost of the asset. This revised standard has had no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

- Amendments to IAS 32, Financial Instruments: Presentation, and IAS 1, Presentation of Financial Statements, relating to puttable financial instruments and obligations arising on liquidation. These amendments have no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

- Amendment to IFRS 2, Share-based Payment, clarifies that vesting conditions are service conditions and performance conditions only; other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment to IFRS 2 has no significant impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

- IFRIC 13, Customer Loyalty Programmes, addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services, and has no impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

The following revisions to IFRS will be applicable in future periods, subject to endorsement where applicable:

Revised IFRS 3, Business Combinations and amendments to IAS 27, Consolidated and Separate Financial Statements are applicable for 2010. These standards will affect the future accounting for acquisitions and transactions with non-controlling interests. There will be no retrospective impact.

Amendments to IFRS 2, Group Cash-settled Share-based Payment Transactions are applicable from 2010. If endorsed, these amendments will apply but the impact is not anticipated to be significant.

IFRS 9, Financial Instruments is applicable from 2013. If endorsed, this standard will simplify the classification of financial assets for measurement purposes, but is not anticipated to have a significant impact on the financial statements.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have significant impact on the financial statements.

b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 30 January 2010. 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 financial statements 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. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the venturers' unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

The consolidated financial statements include the Group's share of the total recognised income and expense and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discounted except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

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 are translated to sterling at average foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation since the transition date are recognised directly in a separate component of equity. 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.

The Group sells retail products with the right of return and experience is used to estimate and provide for the value of such returns at the time of sale when considered significant. Credit notes or exchanges are available to customers returning unwanted products with proof of purchase within 28 days of the date of purchase.

Sale of gift vouchers are treated as future liabilities, and revenue is recognised when the gift vouchers are redeemed against a later transaction.

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 received are recognised as an integral part of total lease expense, over the term of the lease.

Certain rental expense is determined on the basis of revenue achieved in specific retail locations and is accrued for on that basis.

The Group's intangible asset, as shown in Note 10, relates to leased premises which have a guaranteed residual value. The guaranteed value arises because the next tenant, based on current market conditions, will pay this amount to the Group. Due to the likelihood that the money will be recoverable, the asset is not amortised.

f) Pension costs

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 options and LTIP awards

Share options and LTIP awards are measured at fair value at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions of the options/awards vesting. The grant date fair value is expensed on a straight line basis over the vesting period (i.e. the period in which the employees become unconditionally entitled to share options/awards) 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.

Value Creation Plan

The Group also operates a Value Creation Plan (VCP) which awards entitlements to certain employees and directors of the Group. These entitlements are convertible into options over ordinary shares subject to the Group's share price reaching certain targets. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in equity. The fair value is initially recognised at the date of the award of the entitlements and spread over the period during which the entitlements are convertible into ordinary shares. The fair value of the entitlements is based on a Monte Carlo valuation model, taking into account the terms and conditions upon which the instruments were granted.

Transactions of the Company-sponsored Employee Benefit Trust (EBT) are treated as being those of the Company and are therefore reflected in the parent company and group financial statements. In particular, the EBT's purchases and sales of shares in the Company are debited and credited directly to equity.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

h) Derivatives

The Group holds derivative financial instruments to hedge its foreign currency exposure. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast 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 profit or loss.

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 it is 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.

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:

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.
Assets under construction:	Are deemed to have not started their useful lives and as such are not depreciated until the assets are in use and transferred to one of the categories above.

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 by the Company are shown at cost less accumulated impairment losses which are recognised in the income statement.

n) Impairment of property, plant and equipment and indefinite life intangible assets

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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated 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. 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 money market 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 component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see note 2).

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) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly incremental costs (net of income taxes), is deducted from retained earnings in equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

v) Accounting estimates and judgments

The directors have made significant accounting estimates and judgements in applying the Group's accounting policies in the following areas:

Impairment – the directors have used forecast models and an appropriate pre-tax weighted average cost of capital in its property, plant and equipment impairment calculations. Growth assumptions are based on directors' knowledge and historical experience.

Inventory valuation – the directors have used their knowledge and experience of the fashion industry in determining the level and rates of provisioning required to calculate the appropriate inventory carrying values.

2. Segment information

The Group has three reportable segments; retail, wholesale and licence income.

For each of the three segments, the Group's chief operating decision maker (the "Board") reviews internal management reports on a four weekly basis.

The accounting policies of the reportable segments are the same as described in note (s) on page 40. Information regarding the results of each reportable segment is included below. Performance for the retail segment is measured based on operating contribution, whereas performance of the wholesale segment is measured based on gross profit and performance of the licence segment is measured based on royalty income, as included in the internal management reports that are reviewed by the Board.

Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

a) Segment revenue and segment result

52 weeks ended 30 January 2010	*Retail*	*Wholesale*	*Licence income*	*Total*
	£'000	£'000	£'000	£'000
Revenue	136,455	27,131	-	163,586
Cost of sales	(47,884)	(15,775)	-	(63,659)
Gross profit	**88,571**	**11,356**	-	**99,927**
Operating costs	(63,641)	-	-	(63,641)
Operating contribution	**24,930**	**11,356**	-	**36,286**
Licence income	-	-	5,493	5,493
Segment result	**24,930**	**11,356**	**5,493**	**41,779**
Reconciliation of segment result to profit before tax				
Segment result	**24,930**	**11,356**	**5,493**	**41,779**
Impairment losses	(750)	-	-	(750)
Other operating costs	-	-	-	(21,327)
Other operating income	-	-	-	80
Operating profit				**19,782**
Net finance expense				(364)
Share of profit of jointly controlled entity, net of tax				86
Profit before tax				**19,504**
Capital expenditure	4,497	47	-	4,544
Depreciation	6,230	65	-	6,295
Segment assets	74,896	16,769	-	91,665
Other assets				4,475
Total assets				**96,140**
Segment liabilities	(20,923)	(4,160)	-	(25,083)
Other liabilities				(4,827)
Total liabilities				**(29,910)**
Net assets				**66,230**

Wholesale sales are shown after the elimination of inter-company sales of £7,113,000 (2009: £7,846,000).

53 weeks ended 31 January 2009	*Retail*	*Wholesale*	*Licence income*	*Total*
	£'000	£'000	£'000	£'000
Revenue	118,237	34,424	-	152,661
Cost of sales	(43,505)	(19,790)	-	(63,295)
Gross profit	**74,732**	**14,634**	-	**89,366**
Operating costs	(55,838)	-	-	(55,838)
Operating contribution	**18,894**	**14,634**	-	**33,528**
Licence income	-	-	5,476	5,476
Segment result	**18,894**	**14,634**	**5,476**	**39,004**
Reconciliation of segment result to profit before tax				
Segment result	**18,894**	**14,634**	**5,476**	**39,004**
Impairment losses	(1,786)	-	-	(1,786)
Other operating costs	-	-	-	(20,110)
Other operating income	-	-	-	53
Operating profit				**17,161**
Net finance income				530
Share of profit of jointly controlled entity, net of tax				75
Profit before tax				**17,766**
Capital expenditure	11,748	378	-	12,126
Depreciation	5,803	187	-	5,990
Segment assets	75,566	19,654	-	95,220
Other assets				1,128
Total assets				**96,348**
Segment liabilities	(23,085)	(6,721)	-	(29,806)
Other liabilities				(4,376)
Total liabilities				**(34,182)**
Net assets				**62,166**

b) Geographical information

	UK & Europe	*US*	*Total*
	£'000	£'000	£'000
52 weeks ended 30 January 2010			
Revenue	153,527	10,059	163,586
Non-current assets*	22,885	4,270	27,155
53 weeks ended 31 January 2009			
Revenue	142,201	10,460	152,661
Non-current assets*	26,075	4,345	30,420

*Non-current assets exclude deferred tax assets.

c) Revenue by collection

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Menswear	88,376	86,967
Womenswear	75,210	65,694
	163,586	**152,661**

3. Profit before tax

Profit before tax is stated after charging:	*52 weeks ended 30 January 2010*	*53 weeks ended 31 January 2009*
	£'000	£'000
Depreciation	6,295	5,990
Impairment losses	750	1,786
Operating lease rentals for leasehold properties	15,510	12,299
Fees payable to the Company's auditor for the audit of the Company's annual accounts	9	7
Fees payable to the Company's auditor and associates for the audit of the Company's subsidiaries, pursuant to legislation	76	75
Fees payable to the Company's auditor for other services supplied, persuant to legislation	20	18
Other services provided by the Company's auditor	3	-
Loss on sale of property, plant & equipment	110	106

4. Finance income and expenses

	52 weeks ended 30 January 2010	53 weeks ended 31 January 2009
	£'000	£'000
Finance income		
- Interest receivable	10	146
- Foreign exchange gains	-	691
	10	**837**
Finance expenses		
- Interest payable	(148)	(307)
- Foreign exchange losses	(226)	-
	(374)	**(307)**

5. Staff numbers and costs

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

	52 weeks ended 30 January 2010	53 weeks ended 31 January 2009
	No.	No.
Sales	1,372	1,464
Design	32	35
Administration	173	170
	1,577	**1,669**
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	28,145	27,293
Share based charge / (credit)	192	(301)
Social security costs	2,516	2,458
Pension costs	432	428
	31,285	**29,878**

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 for both years. Further details of his remuneration may be found in the Directors' Remuneration Report on page 22.

6. Income tax expense

a) The tax charge comprises

	52 weeks ended 30 January 2010	53 weeks ended 31 January 2009
	£'000	£'000
Current tax	6,336	5,591
Deferred tax	(521)	(156)
Prior year under / (over) provision	162	(237)
	5,977	**5,198**

b) Deferred tax movement by type

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Property, plant & equipment	(396)	(261)
Share based payments	(6)	224
Overseas losses	(111)	(378)
Inventory	(43)	(7)
Other	35	266
	(521)	**(156)**

For further details please refer to note 13.

c) Factors affecting the tax charge for the period

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

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Profit before tax	19,504	17,766
Profit multiplied by the standard rate in the UK – 28%, (2009: weighted average rate of 28.33%)	5,461	5,033
Expenses not deductible for tax purposes	427	397
Overseas losses not previously recognised	42	34
Statutory deductions for share options	49	(3)
Prior year under / (over) provision	162	(237)
Effect of rate change on corporation tax	-	5
Difference due to overseas tax rates	(164)	(31)
Total income tax expense	**5,977**	**5,198**

d) Deferred and current tax recognised directly in equity

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Deferred tax credit on share awards and options	(13)	(49)
Current tax on share awards and options	-	5
	(13)	**(44)**

7. Profit attributable to Ted Baker PLC

The profit after tax dealt with in the accounts of Ted Baker PLC was £21,781,000 (2009: £8,938,000). The directors have approved the income statement for the parent company.

8. Dividends per share

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Final dividend paid for prior year of 11.4p per ordinary share (2009: 11.4p)	4,743	4,799
Interim dividend paid of 5.25p per ordinary share (2009: 5.25p)	2,185	2,184
	6,928	**6,983**

A second interim dividend in respect of 2010 of 11.4p per share, amounting to £4,744,506, will be paid on 26 March 2010. A final dividend in respect of 2010 of 0.5p per share, amounting to a dividend payable of £208,092, is to be proposed at the Annual General Meeting on 15 June 2010.

9. Earnings per share

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
Number of shares:	No.	No.
Weighted number of ordinary shares outstanding	41,613,798	42,563,397
Effect of dilutive options	10,183	7,904
Weighted number of ordinary shares outstanding – diluted	**41,623,981**	**42,571,301**
Earnings:	£'000	£'000
Profit for the period basic and diluted	13,576	12,593
Basic earnings per share	32.6	29.6
Diluted earnings per share	32.6	29.6

Own shares held by the Ted Baker Group Employee Benefit Trust, the Ted Baker 1998 Employee Benefit Trust and treasury shares have been eliminated from the weighted average number of ordinary shares. 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, the Ted Baker Performance Share Plan and the Ted Baker 2009 VCP.

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

10. Intangible assets

Cost and net book value	£'000
At 31 January 2009	673
Exchange rate movement	(39)
At 30 January 2010	**634**

Cost and net book value	£'000
At 26 January 2008	543
Exchange rate movement	130
At 31 January 2009	**673**

The intangible asset relates to the right to lease a store that has a guaranteed residual value. The guaranteed value arises because the next tenant based on current market conditions is required to pay this amount to the Group. Due to the nature of this the asset is considered recoverable and therefore not amortised. The current market rate rents continue to be above the rent under the lease terms and hence no decline in value is foreseen.

11. Property, plant and equipment

	Leasehold Improvements	*Fixtures, fittings & office equipment*	*Motor vehicles*	*Assets under construction*	*Total*
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 January 2009	32,188	29,021	165	203	61,577
Additions	2,043	2,186	12	303	4,544
Disposals	(14)	(815)	-	-	(829)
Exchange rate movement	(732)	(418)	(7)	-	(1,157)
At 30 January 2010	**33,485**	**29,974**	**170**	**506**	**64,135**
Depreciation					
At 31 January 2009	13,019	19,734	123	-	32,876
Charge for the year	2,508	3,768	19	-	6,295
Impairment losses	680	70	-	-	750
Disposals	(8)	(711)	-	-	(719)
Exchange rate movement	(273)	(299)	(3)	-	(575)
At 30 January 2010	**15,926**	**22,562**	**139**	-	**38,627**
Net book value					
At 31 January 2009	**19,169**	**9,287**	**42**	**203**	**28,701**
At 30 January 2010	**17,559**	**7,412**	**31**	**506**	**25,508**

Additions included within the assets under construction category are stated net of transfers to other property, plant and equipment categories. Transfers from the assets under construction category in the period amounted to £203,000 (2009: £1,912,000) whilst additions into this category were £506,000 (2009: £203,000).

Impairment losses recognised in the year were £750,000 (2009: £1,786,000). The impairment losses were as a result of a review of the carrying value of the portfolio of store assets.

Impairment of property, plant and equipment

The Group has determined that for the purposes of impairment testing, each store and outlet is a cash-generating unit. Cash-generating units are tested for impairment if there are indications of impairment at the balance sheet date.

Recoverable amounts for cash-generating units are based on value in use, which is calculated from cash flow projections using data from the Group's latest internal forecasts, the results of which are reviewed by the Board. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins. Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash-generating units. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market.

The pre-tax discount rate used to calculate value in use is derived from the Group's weighted average cost of capital.

The impairment losses relate to stores whose recoverable amounts (value in use) did not exceed the asset carrying values. In all cases, impairment losses arose due to stores performing below projected trading levels.

	Leasehold Improvements	*Fixtures, fittings & office equipment*	*Motor vehicles*	*Assets under construction*	*Total*
	£'000	£'000	£'000	£'000	£'000
Cost					
At 26 January 2008	22,029	23,341	139	1,912	47,421
Additions	8,888	4,933	14	(1,709)	12,126
Disposals	(500)	(166)	-	-	(666)
Exchange rate movement	1,771	913	12	-	2,696
At 31 January 2009	**32,188**	**29,021**	**165**	**203**	**61,577**
Depreciation					
At 26 January 2008	9,035	15,240	85	-	24,360
Charge for the year	2,290	3,670	30	-	5,990
Impairment losses	1,599	187	-	-	1,786
Disposals	(363)	(96)	-	-	(459)
Exchange rate movement	458	733	8	-	1,199
At 31 January 2009	**13,019**	**19,734**	**123**	**-**	**32,876**
Net book value					
At 26 January 2008	**12,994**	**8,101**	**54**	**1,912**	**23,061**
At 31 January 2009	**19,169**	**9,287**	**42**	**203**	**28,701**

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 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%

b) Subsidiary undertakings - cost and net book value

	Company
	£'000
At 31 January 2009	16,534
Increase in cost of investment for share options / awards granted to subsidiary employees	160
At 30 January 2010	**16,694**

c) Interest in Joint Venture

The Group has a 50% interest in a joint venture with Flair Industries Pty Ltd which is represented by two stores in Melbourne, Australia (2009: one store). The second store was opened during the period in Chadstone, Melbourne.

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Investment in Joint Venture	171	85

The above carrying value represents the initial cost of the investment undertaken, as well as any subsequent change in net assets of the venture, as at 30 January 2010.

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Amounts due from equity accounted investee	261	139

There are no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the venture itself. The joint venture's assets, liabilities and profit at 30 January 2010 are as follows:

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Non-current assets	889	273
Current assets	277	145
Non-current liabilities	-	-
Current liabilities	(728)	(209)
Net assets	**438**	**209**
Share capital	28	23
Retained earnings	223	40
Current year profit, net of tax	172	144
Exchange rate movement	15	2
Total equity	**438**	**209**

The prior year assets and liabilities have been restated using audited accounts of the joint venture which were not available before the annual report and accounts for year ended 31 January 2009 were published. The impact on the share of profit of this restatement was insignificant.

13. Deferred tax assets and liabilities

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	**£'000**
Assets		
Share based payments	17	4
Derivative financial instruments	-	375
Liabilities		
Property, plant & equipment	(396)	(202)
Other *	(937)	(752)
Net deferred tax liability	(1,316)	(575)
Deferred tax asset on foreign operations arising from:		
Foreign trading losses	1,162	566
Inventory	302	251
Property, plant & equipment	134	87
	1,598	**904**

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 trading losses when these businesses pass their development phase, and when management considers it probable that future taxable profits will be available against which they can be utilised.

The amount of unused cumulative tax losses for which no deferred tax asset has been recognised in the balance sheet is £587,000 (2009: £526,000).

** Deferred tax liability recognised for UK tax payable on US operations for which no double tax relief will be available.*

14. Inventories

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Raw materials and packaging	2,072	2,775
Work in progress	750	537
Finished goods and goods for resale	30,628	34,003
	33,450	**37,315**
Cost of inventories recognised as an expense	67,524	55,295
Inventories written down and recognised as an expense in the period	1,182	1,559

15. Trade and other receivables

	Group 30 January 2010	*Company 30 January 2010*	*Group 31 January 2009*	*Company 31 January 2009*
	£'000	£'000	£'000	£'000
Trade receivables	14,436	-	16,416	-
Amounts owed by Group undertakings	-	24,108	-	9,149
Prepayments and accrued income	5,262	4	4,050	3
	19,698	**24,112**	**20,466**	**9,152**

16. Derivative financial instruments

	Assets 30 January 20100	*Liabilities 30 January 2010*	*Assets 31 January 2009*	*Liabilities 31 January 2009*
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	280	(304)	2,444	-

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates that arise in the normal course of the Group's business.

The ineffective portion recognised in the income statement that arises from cash flow hedges amounts to a loss of £nil (2009: £nil).

Gains and losses in equity of forward exchange contracts at 30 January 2010 will be released to the income statement at various dates within 12 months of the balance sheet date, as the hedged forecast transactions occur.

17. Reconciliation of cash and cash equivalents per balance sheet to cash flow statement

	Group 52 weeks ended 30 January 2010	*Company 52 weeks ended 30 January 2010*	*Group 53 weeks ended 31 January 2009*	*Company 53 weeks ended 31 January 2009*
	£'000	£'000	£'000	£'000
Cash and cash equivalents per cash flow statement / balance sheet	13,698	489	4,660	511

18. Trade and other payables

	Group 30 January 2010	*Company 30 January 2010*	*Group 31 January 2009*	*Company 31 January 2009*
	£'000	£'000	£'000	£'000
Trade payables	10,392	-	17,095	-
Accruals and deferred income	11,471	12	9,338	2
Other taxes and social security	2,916	-	3,373	-
	24,779	**12**	**29,806**	**2**

19. Capital and reserves

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'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 (2009: 43,198,033)	2,160	2,160

At 30 January 2010, 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 (2009: Employee Trust- £Nil, 1998 Trust- £Nil).

The Company held 1,579,557 shares in treasury at 30 January 2010 (2009: 1,593,380).

Other Reserves and retained earnings

Other Reserves and retained earnings include the following reserve accounts:

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 30 January 2010, the value of financial instruments that are designated as hedging instruments recorded in equity was -£12,000 (2009: £1,338,000).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the Group's financial statements of foreign operations, as well as from the translation of liabilities post transition to IFRS.

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, which is classified within Other Reserves under the Companies Act. This reserve also includes share options granted to subsidiary employees as required under IFRIC 8 (see Note 1g).

20. Share based payments

Share options and LTIP awards

Equity settled awards are granted to employees in the form of share options or share awards. Share options are granted at an option price equal to the company share price at the grant date, or at a discount of up to 20% in the case of SAYE share options. No consideration is payable where share awards vest. The vesting period is generally between three and five years and the share options expire between three and ten years after grant. Awards 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 exercise price 2010	Number of options/awards 2010	Weighted average exercise price 2009	Number of options/awards 2009
At beginning of period	241.7p	1,865,698	35.0p	703,013
Granted during the period	303.0p	138,886	332.9p	1,304,161
Exercised during the period	312.9p	(13,097)	45.9p	(137,599)
Lapsed during the period	380.4p	(66,999)	361.0p	(3,877)
Outstanding at the end of period	**240.8p**	**1,924,488**	**241.7p**	**1,865,698**
Exercisable at end of period	-	-	-	-

The charge for the year to the income statement amounted to £13,352 (2009: credit £301,212). Included in the charge for the year is an amount in respect to R S Kelvin who is employed by the Company, amounting to £nil (2009: credit £34,971). Based on probabilities in the prior year, the vesting conditions attached to some of the options were considered unlikely to be met and so the cumulative charge in relation to these options had been appropriately reversed in the prior year.

The weighted average share price at the date of exercise of share options exercised during the year was 342.5p (2009: 410.0p).

Share options and awards outstanding at the end of the period were as follows:

	Expiry date	Excercise price	Fair value at grant date	Number of options / awards at 30 January 2010	Number of options / awards at 31 January 2009
10 December 2003	31 January 2010	296.0p	91.0p	-	19,700
17 November 2004	31 January 2011	361.0p	141.5p	5,308	5,308
17 November 2005	31 January 2012	334.0p	160.0p	5,675	27,268
18 April 2006	*	-	443.5p	212,198	212,198
31 July 2006	*	-	458.8p	157,548	157,548
23 March 2007	*	-	551.5p	139,515	139,515
27 November 2007	31 January 2014	429.0p	144.6p	25,943	63,901
4 April 2008	*	-	367.4p	378,316	240,635
4 April 2008	29 January 2018	414.0p	65.2p	740,877	878,558
21 October 2008	20 October 2018	362.0p	53.9p	27,624	27,624
21 October 2008	20 October 2018	353.0p	57.3p	84,990	84,990
27 October 2008	26 October 2018	354.9p	40.7p	8,453	8,453
15 May 2009	1 January 2013	303.0p	82.5p	29,641	-
15 May 2009	1 January 2015	303.0p	84.6p	108,400	-
				1,924,488	**1,865,698**

** Share awards outstanding at the end of the period do not have an expiry date, but vest by reference to performance over the following three financial years.*

The fair value of employee share options and awards were calculated using the Black-Scholes model.

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

	At 30 January 2010	*At 31 January 2009*
Weighted average share price	439.1p	444.8p
Weighted average exercise price	240.8p	241.7p
Risk free interest rate	2.17% - 5.29%	3.46% - 5.29%
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% - 4.62%	2.24% - 3.78%

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.

Value Creation Plan

The award of units is made under the Ted Baker 2009 Value Creation Plan ("2009 VCP"), which was approved by shareholders at the General Meeting held on 16 June 2009. Units have no value at grant, but subject to the satisfaction of earnings per share, share price and total shareholder return performance targets can convert and give participants the right to be granted nil-cost options at the end of the performance. Further details of the plan are outlined in the notice of meeting dated 13 May 2009.

The terms and conditions of the award of units granted under the 2009 VCP during the 52 weeks ended 30 January 2010 are as follows:

Grant date	*Type of award*	*Number of units*	*Vesting conditions*	*Vesting period*
13 August 2009	Award of units	100,000	Growth in earnings per share, share price and total shareholder return over a three year performance period	50% after three years and the balance one year later

VCP awards outstanding at the end of the period were as follows:

	At 30 January 2010	*At 31 January 2009*
	No. of entitlements	No. of entitlements
At 1 February 2009	-	-
VCP entitlements awarded during the year	100,000	-
Lapsed during the year	-	-
Outstanding at 30 January 2010	**100,000**	**-**

The VCP awards are valued using a Monte Carlo model. The inputs into the model are as follows:

	13 August 2009
Share price on award date	£3.98
Average share price at award date	£3.76
Number of simulations	10,000
Expected life of options	3 years
Dividend yield	4.18%
Risk free interest rate	2.21%
Ted Baker volatility	25.0%
FTSE index volatility	33.0%
Correlation between Ted Baker and FTSE index	12.0%
Share price hurdle per annum	10.0%
Payout over share price hurdle	12.5%
Vesting percentage for meeting performance conditions	100.0%
Shares in issue	41,618,476

The charge for the year to the income statement amounted to £178,737 (2009: £nil). Included in the charge for the year is an amount in respect of R S Kelvin who is employed by the Company, amounting to £31,994 (2009: £nil).

21. Financial commitments

a) Capital commitments

The Group has capital commitments of £1,118,000 at 30 January 2010 (2009: £365,000) which were not provided in the financial statements.

b) Operating leases

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

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Within one year	15,388	14,062
Between one and five years	62,820	58,472
Later than five years	35,706	42,095
	113,914	**114,629**

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.

Certain rental expense is determined on the basis of revenue achieved in specific retail locations and is accrued for on that basis. The total amount paid under these agreements was £12,704,000 (2009: £11,038,000).

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 £432,000 (2009: £428,000). Contributions totalling £18,045 (2009: £17,697) are included in other receivables at the year end.

22. Financial instruments and risk management

a) Carrying amount and fair values of financial assets and liabilities

Financial assets and liabilities - Group

The fair values of financial assets and liabilities of the Group, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying Amount 30 January 2010	*Fair value 30 January 2010*	*Carrying Amount 31 January 2009*	*Fair value 31 January 2009*
	£'000	£'000	£'000	£'000
Financial assets				
Trade receivables	14,436	14,436	16,416	16,416
Accrued income	1,163	1,163	1,149	1,149
Amount due from equity accounted investee	171	171	139	139
Derivative financial assets	280	280	2,444	2,444
Cash and cash equivalents	13,698	13,698	4,660	4,660
Total financial assets	**29,748**	**29,748**	**24,808**	**24,808**
Financial liabilities				
Trade and other payables	(24,779)	(24,779)	(29,806)	(29,806)
Derivative financial liabilities	(304)	(304)	-	-
Total financial liabilities	**(25,083)**	**(25,083)**	**(29,806)**	**(29,806)**
Net financial assets / (liabilities)	**4,665**	**4,665**	**(4,998)**	**(4,998)**

Financial assets and liabilities - Company

The fair values of financial assets and liabilities of the Company, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying Amount 30 January 2010	*Fair value 30 January 2010*	*Carrying Amount 31 January 2009*	*Fair value 31 January 2009*
	£'000	£'000	£'000	£'000
Financial assets				
Amounts owed by group undertakings	24,108	24,108	9,149	9,149
Cash and cash equivalents	489	489	511	511
Total financial assets	**24,597**	**24,597**	**9,660**	**9,660**
Financial liabilities				
Trade and other payables	(12)	(12)	(2)	(2)
Total financial liabilities	**(12)**	**(12)**	**(2)**	**(2)**
Net financial assets	**24,585**	**24,585**	**9,658**	**9,658**

The methods and assumptions used to estimate fair values of financial assets and liabilities are as follows:

1. Cash and cash equivalents have been stated at their book values due to their short maturities or immediate or short-term access.
2. The fair values of trade receivables, amount due from equity accounted investee and amounts owed by Group undertakings have been stated at their book value due to their short maturities.
3. The fair value of derivatives is determined by reference to third party valuations (usually from a bank) or by reference to readily observable market prices.
4. The fair values of trade and other payables have been stated at their book values due to their short maturities.
5. Valuation of all financial derivative assets and liabilities carried at fair value by the Group is based on hierarchy Level 2. Fair value hierarchy levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Derivative financial instruments

	Contractual/ notional amounts 30 January 2010	*Assets 30 January 2010*	*Liabilities 30 January 2010*	*Contractual/ notional amounts 31 January 2009*	*Assets 31 January 2009*	*Liabilities 31 January 2009*
	£'000	£'000	£'000	£'000	£'000	£'000
Currency derivatives	21,187	280	(304)	11,103	2,444	-
	21,187	**280**	**(304)**	**11,103**	**2,444**	**-**

c) Cash flow hedging reserve movements

The following table indicates the cash flow hedging reserve balance at 30 January 2010 and the periods in which the cash flows are expected to occur. The periods in which the cash flows are expected to impact the profit and loss are materially the same.

	Currency derivatives 30 January 2010	*Currency derivatives 31 January 2009*
	£'000	£'000
Within six months	(12)	1,713
Between six months and one year	-	-
Between one and two years	-	-
Unrecognised (losses)/gains	**(12)**	**1,713**

The following table identifies the movements in the cash flow hedging reserve during the year, including where gains and losses have been recognised in the income statement.

	Currency derivatives 30 January 2010	*Currency derivatives 31 January 2009*
	£'000	£'000
Opening balance	1,713	251
(Losses) / gains recognised in hedging reserve	(959)	3,396
Amounts recovered from hedging reserve and recognised in income statement	(391)	(2,309)
Deferred tax associated with movement in the hedging reserve	(375)	375
Closing balance	**(12)**	**1,713**

d) Financial risk identification and management

The Group's multinational operations and debt financing requirements expose it to a variety of financial risks. In the course of its business the Group is exposed to:

- market risk;
- credit risk; and
- liquidity risk

The Group's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Risk management policies and systems have been established and are reviewed regularly to reflect changes in the market conditions and the Group's activities. The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. At the balance sheet date, the only significant market risk to the Group arises from foreign currency risk.

The Group operates internationally and is therefore exposed to foreign currency risk primarily on purchases denominated in US dollars and Euros.

The Board reviews and agrees policies for managing exchange rate risks on a regular basis. Where appropriate, the Group uses financial instruments to mitigate these risks. All transactions in derivatives, principally forward exchange contracts, are taken solely to manage these risks. No transactions of a speculative nature are entered into. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

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.

The Group's risk management policy is to hedge the vast majority of anticipated cash flows (mainly purchases of inventory) in each major foreign currency for the subsequent 12 months. The vast majority of projected purchases in each major currency qualifies as 'highly probable' forecast transactions for hedge accounting purposes.

Foreign currency risk

The Group operates internationally and is therefore exposed to foreign currency transaction risk, primarily on purchases denominated in US dollars and Euros. Where appropriate, the Group uses financial instruments to mitigate these risks. The Group also publishes its financial statements in sterling and is therefore exposed to foreign currency translation risks due to movements in foreign exchange rates on the translation of the results and underlying net assets of its foreign operations into sterling.

Transaction risk

Currency transaction exposure occurs where a business makes sales and purchases in a currency other than its functional currency. It also arises where monetary assets and liabilities of a business are not denominated in its functional currency, and where dividends or surplus funds are remitted from overseas. The Group's policy is to match transaction exposures wherever possible, and to hedge actual exposures and firm commitments as soon as they occur by using forward foreign exchange contracts. An element of this risk is mitigated by natural hedges as the Group operates internationally and income is generated in the local currencies.

Economic (forecast) risk

The Group also uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probable forecast foreign currency purchases on a rolling 12 month basis. The Group does not formally define the proportion of highly probable forecast purchases to hedge, but agrees an appropriate percentage on an individual basis with each business by reference to the Group's risk management policies and prevailing market conditions. The Group documents currency derivatives used to hedge its forecast transactions as cash flow hedges. To the extent that cash flow hedges are effective, gains and losses are deferred in equity until the forecast transaction occurs, at which point the gains and losses are recycled either to the income statement or to the non-financial asset acquired.

The majority of the Group's currency derivatives have original maturities of less than one year.

The Group's most significant currency transaction exposure is the purchases of inventories which are denominated in a number of currencies, predominantly Euros and US dollars.

The analysis of the Group's foreign currency exposure to financial assets and liabilities by currency of denomination is as follows:

	US Dollar 30 January 2010	Euro 30 January 2010	Other 30 January 2010
	£'000	£'000	£'000
Financial assets			
Trade receivables	33	342	125
Cash and cash equivalents*	(5,055)	845	21
	(5,022)	**1,187**	**146**
Financial liabilities			
Trade and other payables	(1,101)	(1,416)	(135)
	(1,101)	**(1,416)**	**(135)**
	(6,123)	**(229)**	**11**

** The US Dollar overdraft forms part of a multi-currency overdraft facility and as such is netted off against other cash balances and is not recognised as an overdraft in its own right.*

	US Dollar 31 January 2009	Euro 31 January 2009	Other 31 January 2009
	£'000	£'000	£'000
Financial assets			
Trade receivables	612	164	138
Cash and cash equivalents	(1,789)	196	20
	(1,177)	**360**	**158**
Financial liabilities			
Trade and other payables	(2,218)	(3,625)	(179)
	(2,218)	**(3,625)**	**(179)**
	(3,395)	**(3,265)**	**(21)**

The following significant exchange rates applied during the year:

	Average rate 30 January 2010	Mid-spot rate 30 January 2010	Average rate 31 January 2009	Mid-spot rate 31 January 2009
US dollar	1.580	1.610	1.813	1.423
Euro	1.127	1.155	1.240	1.088

Sensitivity Analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of a 10% strengthening or weakening in sterling against all other currencies, using the rates applicable at 30 January 2010. The analysis assumes that all other variables, in particular, interest rates, remain constant.

The following sensitivity analysis illustrates the impact that a 10% strengthening of the Group's reporting currency against local functional currencies would have had on profit before tax and non-controlling interest and equity. The analysis covers currency translation exposures at the year end on the Group's financial assets and liabilities that are not denominated in the functional currencies of those businesses.

A 10% (2009: 10%) strengthening or weakening of the sterling against the following currencies at 30 January 2010 would have increased / (decreased) equity and profit by the amounts shown in the following table:

	Impact on profit 30 January 2010	*Impact on equity 30 January 2010*	*Impact on profit 31 January 2009*	*Impact on equity 31 January 2009*
Test of 10% (2009: 10%) strengthening in sterling against other currencies	£'000	£'000	£'000	£'000
US Dollar	(557)	(557)	(309)	(309)
Euro	(21)	(21)	(297)	(297)
	(578)	**(578)**	**(606)**	**(606)**
Test of 10% (2009: 10%) weakening in sterling against other currencies				
US Dollar	680	680	377	377
Euro	25	25	363	363
	705	**705**	**740**	**740**

Interest rate risk

The Group's exposure to interest rate risk is limited to floating rate financial assets and liabilities.

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

Financial assets subject to interest rate risk	*Group 30 January 2010*	*Company 30 January 2010*	*Group 31 January 2009*	*Company 31 January 2009*
	£'000	£'000	£'000	£'000
Sterling	16,296	489	4,712	511
US Dollar	(4,092)	-	(760)	-
Euro	1,412	-	637	-
Other	22	-	23	-
	13,638	**489**	**4,612**	**511**

There were no fixed rate financial assets or liabilities at 30 January 2010 and 31 January 2009.

ii) Credit risk

Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of the contract or instrument. The Group is exposed to counterparty credit risk when dealing with its credit customers, and from certain financing activities.

The immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive fair value by counterparty at 30 January 2010. The Group considers its maximum exposure to credit risk to be:

	52 weeks ended 30 January 2010	*53 weeks ended 31 January 2009*
	£'000	£'000
Cash and cash equivalents	13,638	4,612
Trade receivables	14,436	16,416
Accrued income	1,163	1,149
Amount due from equity accounted investee	171	139
Derivative financial assets	280	2,444
	29,688	**24,760**

All cash balances and derivative financial assets are held with reputable banks or financial institutions.

As at 30 January 2010, there were no significant financial guarantees or third-party obligations that increase the credit risk of the financial assets set out above.

Although the Group has seen no direct evidence of changes to the credit risk of its counterparties that hold cash balances and derivative financial assets, the current focus on financial liquidity in all international markets has introduced increased financial volatility. The Group uses market knowledge, changes in credit ratings and other techniques to identify significant changes to the financial profile of its counterparties.

Trade receivables

Credit risk arises on credit exposure to wholesale customers including outstanding receivables and committed transactions. However, this risk is substantially mitigated by insurance being taken out up to the amount of the credit limit.

All new wholesale customers are checked against appropriate trade references and details such as frequency/delinquency. The limits applied to each customer are set in conjunction with our credit insurer's advice. Monitoring of credit limits is undertaken on a daily basis.

No credit limits were exceeded in the reporting period and management will continue with its current approach to credit control to prevent any future losses from non-performance arising.

The Group is not able to protect its royalty income with credit insurance, although it does not consider this a significant credit risk, as a prudent approach to income recognition is taken in the accounts. Forecasts are obtained from all its licence partners throughout the year to allow extensive visibility of future income.

iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at entity level in the operating companies of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; and monitoring balance sheet liquidity ratios against internal and external regulatory requirements. Based on current cash flow projections, the Group expects to have sufficient headroom against its borrowing facilities (see section below for further details on the borrowing facilities).

The table below analyses the Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date, at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Contracted amount	Carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000
At 30 January 2010						
Non-derivative financial liabilities						
Trade and other payables	24,779	-	-	-	24,779	24,779
Derivative financial liabilities						
Derivative financial instruments	304	-	-	-	304	304
At 31 January 2009						
Non-derivative financial liabilities						
Trade and other payables	29,806	-	-	-	29,806	29,806
Derivative financial liabilities						
Derivative financial instruments	-	-	-	-	-	-

Borrowing facilities

Borrowing facilities of £15,000,000 (2009: £22,500,000) are available to the Group in 2010 in respect of which all conditions precedent have been met.

The borrowing facility available to the Group consists of facilities with The Royal Bank of Scotland PLC of £7.5m and facilities of £7.5m with Barclays Bank PLC, both facilities are subject to an annual renewal.

The borrowing facilities held with The Royal Bank of Scotland PLC are made up by a £2.25m multi-currency facility and a £5.25m revolving credit facility. Facilities held with Barclays Bank PLC are in the form of an uncommitted, unsecured multi-option facility of £7.5m. All facilities expire on 5 February 2011. The Group will seek to renew its facilities prior to these renewal dates. Based on current forecasts the Group does not envisage any difficulties with the renewal of these facilities.

The Group is obliged to perform monthly financial covenant tests as part of its facility agreement with The Royal Bank of Scotland PLC, based upon the following:

- minimum net tangible assets;
- a ratio of profit before interest and tax to borrowing costs; and
- a ratio of net cash flow to debt service liability.

The Group, as part of its regular forecasting process, has a forward looking view of these financial covenant tests and based on current projections there are no indications that any of these covenants will be breached during the term of the agreement. No covenants were breached during the year to 30 January 2010.

At 30 January 2010, the borrowing facilities were unutilised (2009: unutilised).

e) Capital management

The Board's policy is to maintain a strong capital base, defined as total shareholders' equity, totaling £66,230,000 at 30 January 2010 (2009: £62,166,000), so as to maintain investor, creditor and market confidence and to sustain future development of the business.

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Board; the Group does not have a defined share buy-back plan.

It is the Board's intention to achieve a dividend cover ratio of 2 times every year.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

23. Related Parties

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

Directors of the Company and their immediate relatives control 41 per cent of the voting shares of the Company.

At the 30 January 2010, the main trading company owed the parent company £24,108,000 (2009: £9,149,000). The main trading company was owed £11,869,000 (2009: £10,873,000) from the other subsidiaries within the Group.

Transactions between subsidiaries were priced on an arms length basis.

The Group has a 50% interest in a joint venture. As at 30 January 2010, the joint venture owed £261,000 to the main trading company (2009: £139,000). In the period the value of sales made to the joint venture by the Group was £364,000 (2009: £280,000).

The Group considers the Board of executive directors as key management. Further details are provided in the Remuneration Report.

Five Year Summary

	52 weeks ended 28 January 2006	*52 weeks ended 27 January 2007*	*52 weeks ended 26 January 2008*	*53 weeks ended 31 January 2009*	*52 weeks ended 30 January 2010*
	£'000	£'000	£'000	£'000	£'000
Results					
Revenue	117,832	125,648	142,231	152,661	163,586
Operating profit	18,334	20,049	22,142	17,161	19,782
Profit before tax	18,354	20,050	22,057	17,766	19,504
Profit before tax and impairment	18,354	20,050	22,057	19,552	20,254
Profit for the period	**12,919**	**14,416**	**15,242**	**12,568**	**13,527**
Assets employed					
Property, plant and equipment	18,667	19,209	23,061	28,701	25,508
Non-current assets	2,220	1,007	1,738	2,623	3,245
Net current assets / (liabilities)	22,035	31,108	31,756	31,417	38,793
Non-current liabilities	(750)	(43)	(843)	(575)	(1,316)
Net assets	**42,172**	**51,281**	**55,712**	**62,166**	**66,230**
Financed by					
Shareholders' funds	42,224	51,338	55,723	62,202	66,315
Non-controlling interest	(52)	(57)	(11)	(36)	(85)
	42,172	**51,281**	**55,712**	**62,166**	**66,230**
Key statistics					
Basic earnings per share	30.6p	33.9p	36.1p	29.6p	32.6p
Diluted earnings per share	29.7p	33.6p	35.9p	29.6p	32.6p
Dividends per share	12.1p	14.6p	16.4p	16.65p	17.15p
Dividend cover	2.5 times	2.3 times	2.2 times	1.8 times	1.9 times
Return on capital employed	60.0%	53.8%	51.4%	32.6%	37.4%