Ted's Material World

TED BAKER

LONDON

REPORT & ACCOUNTS 2010/11

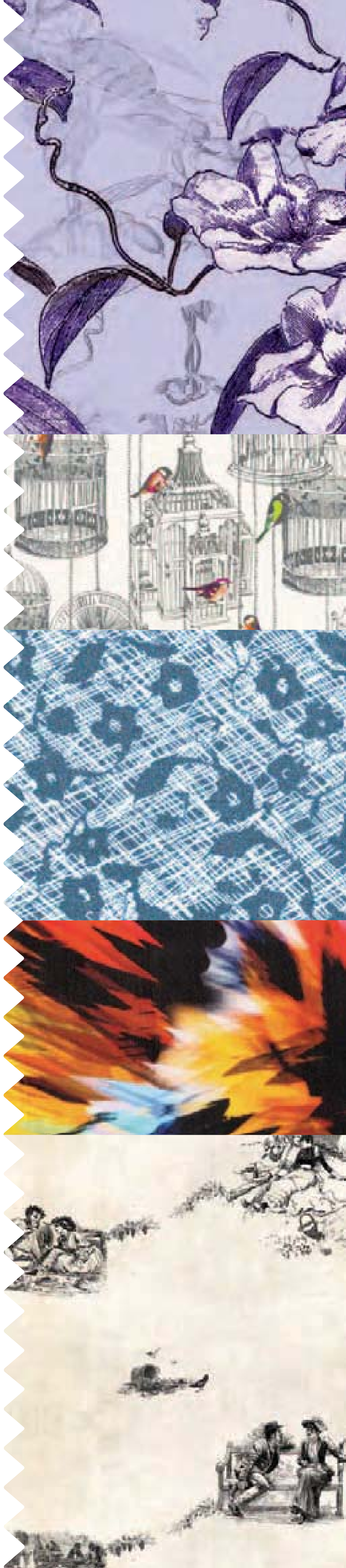
Contents

DIRECTORS' REPORT: OVERVIEW

DIRECTORS' REPORT: GOVERNANCE

DIRECTORS' REPORT: OTHER STATUTORY DISCLOSURES

FINANCIAL STATEMENTS



Ted's advisers

Registered Office: The Ugly Brown Building, 6a St. Pancras Way, London NW1 OTB

Secretary: Charles Anderson ACMA

Financial Advisers and Stockbrokers: Espirito Santo Investment Bank, 10 Paternoster Square, London, EC4M 7AL

Solicitors: Jones Day, 21 Tudor Street, London EC4Y ODJ

Auditors: KPMG Audit Plc, 15 Canada Square, Canary Wharf, E14 5GL

Bankers: Barclays Bank PLC, 1 Churchill Place, London E14 5HP

The Royal Bank of Scotland PLC, 62-63 Threadneedle Street, London EC2R 8LA

Registrars: Capita Registrars, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Ted Baker PLC - Registered in England No: 03393836

Ted's Finest Materials

Character, style and originality are key ingredients of the Ted Baker brand, and Ted's unique imagination and bespoke attitude is reflected across all of his collections. When it comes to choosing the finest fabrics for his Phormalwear suiting range, all roads lead to Italy – and Ted always prefers to use 100% Italian wool or, for Pashion (illustrated here), mohair and silk blends.

Chairman's Statement

I am delighted to report a strong performance across the Group, which resulted in a 14.7% increase in Group revenue to £187.7m and a 24.2% increase in profit before tax to £24.2m. This result reflects the strength of the Ted Baker brand and collections and the growing international reach of our multi-channel distribution strategy.

The retail division delivered an increase in revenue of 11.9% to £152.7m on a 7.4% increase in average retail square footage. Trading in the UK was good and we were particularly pleased by the strong improvement in trading in our overseas markets.

Wholesale sales for the Group increased by 28.9% to £35.0m. This was driven by the re-launch of our US wholesale business, under our own management, and a good performance in our UK wholesale business, which included growth in our wholesale export business.

Licence income from our product and territorial licences increased by 13.4% to £6.2m and included a full contribution in the year from our US product licences.

Results

Group revenue for the 52 weeks ended 29 January 2011 increased by 14.7% to £187.7m (2010: £163.6m). The composite gross margin increased to 61.7% (2010: 61.1%) reflecting buying efficiencies and less promotional activity in our overseas markets.

Profit before tax increased by 24.2% to £24.2m (2010: £19.5m) and by 19.6% excluding the impairment charge of £0.8m in the previous year. Basic earnings per share increased by 27.3% to 41.5p (2010: 32.6p).

The Group has a strong balance sheet and continues to maintain its focus on cash management. Net cash generated from operating activities during the year was £18.1m (2010: £21.1m).

Dividends

The Board is recommending a final dividend of 14.3p per share, making a total for the year of 20.6p per share (2010: 17.15p per share), an increase of 20.1% on the prior year. Subject to approval the final dividend will be paid on 17 June 2011 to shareholders on the register on 13 May 2011.

People

This strong performance is testament to the dedication and commitment of the Ted Baker team. The passion and enthusiasm of our teams around the world is a key factor in our success and continuing development. On behalf of the Board, I would like to thank all of my colleagues for their contribution during the year.

On 15 June 2010 we were delighted to announce the appointment to the Board of Anne Sheinfield as an Independent Non-Executive Director. Anne is a commercial lawyer with 20 years' post qualification experience in the theatre, TV and music areas of entertainment. Anne brings with her a wealth of intellectual property and commercial legal experience.

Current Trading and Outlook

We anticipate that 2011 will be a challenging year given the economic outlook, but are pleased by the positive reaction to our Spring/Summer collections. There has been much discussion on the pressures on consumer spending, but we believe that we are well positioned to meet these challenges due to the strength of the Ted Baker brand and collections. We continue to manage the risks arising from exchange rate fluctuations and rising input prices in order to minimise the impact on our business.

Retail

Following a strong post-Christmas sale period, we entered the new season with a clean stock position. Although retail trading at the start of the new financial year was subdued, recent trends are more encouraging.

We opened a further store in Hong Kong in February and will be opening a second store in Paris and a store in the Trafford Centre, Manchester in March. We plan to open concessions through leading department stores in the US, Spain and Portugal during the first half of the financial year.

Chairman's Statement continued

Wholesale
Trading in our UK wholesale business has started well and forward order commitments are in line with our expectations.

In the US, our wholesale business continues to perform well and we will continue to develop and grow this business.

Licence Income
Our product and territorial licences continue to perform in line with our expectations. We plan to open a store in Auckland, New Zealand with our joint venture partner in the second half of the financial year. Our other territorial licence partners in the Middle East and Asia continue to seek further opportunities to expand the Ted Baker brand in those territories.

Group
The Ted Baker brand continues to perform well in an uncertain trading environment and we believe that we are well placed to deal with the challenges ahead. We continue to ensure that our costs and commitments are controlled and in line with the trends anticipated for 2011.

We remain focused on our multi-channel distribution strategy and, with our strong balance sheet, will continue to expand the Ted Baker brand in existing and new international markets.

We intend to make our next interim management statement, covering trading since the start of the financial year, on 14 June 2011.

Robert Breare
Non-Executive Chairman
24 March 2011

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 Sleepwear; Childrenswear; Fragrance and Skinwear; Footwear; Neckwear; 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, Asia and Australasia.

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

We operate stores and concessions across the UK, Europe, US and Hong Kong and an on-line business based in the UK, primarily serving the UK and Europe, with a separate site dedicated to the Americas.

The retail division delivered a strong performance with sales up 11.9% to £152.7m (2010: £136.5m). Average retail square footage rose by 7.4% over the year to 225,828 sq ft (2010: 210,238 sq ft). Total retail square footage at 29 January 2011 was 229,026 sq ft (2010: 217,733 sq ft), representing an increase of 5.2% on the prior year. Retail sales per square foot rose 2.5% from £632 to £648.

The retail gross margin was 65.5% (2010: 64.9%). This increase was driven by buying efficiencies and less promotional activity in our overseas markets during the year.

Retail operating costs were in line with our expectations. The increase in these costs above the increase in average selling space is a result of the new space added towards the end of the year that will mature over time. This, combined with the improvement in sales and gross margin, resulted in a slight reduction in retail operating contribution from 18.3% to 18.0%.

Wholesale

We currently operate a wholesale business in the UK serving 15 countries across Europe and a wholesale business in the US.

Group wholesale sales rose by 28.9% to £35.0m (2010: £27.1m) and the gross margin increased to 44.8% (2010: 41.9%) reflecting buying efficiencies and the mix of product sales. The growth in sales largely reflects the encouraging start to our US wholesale business and a good performance from our UK wholesale business, which includes our growing wholesale export business.

Business Review continued

Licence income

We operate both territorial and product licences. Our territorial licences cover the Middle East, Asia and Australasia, through which we operate licensed retail stores and, in some territories, wholesale operations. Our product licences cover lingerie & sleepwear, perfume & fragrance, watches, footwear, eyewear, neckwear and childrenswear.

Licence income was up 13.4% to £6.2m (2010: £5.5m). Excluding the effect of our US product licences, underlying licence income increased by 6.4%. We are pleased with the performances from our territorial and product licences during the period. We have seen continued good performances from our collections with product licence partner, Debenhams, with whom we have an exclusive childrenswear collection and, B by Ted Baker, a new and exclusive lingerie & sleepwear collection.

Our US product licences included a full contribution in the period from our US product licences signed directly with companies who had previously held product sub-licences with Hartmarx Corporation.

Collections

A good performance from Ted Baker Menswear was reflected by an increase in sales of 11.1% to £98.2m (2010: £88.4m). Menswear represented 52.3% of total sales (2010: 54.0%).

Ted Baker Womenswear delivered another strong performance with sales up 19.0% to £89.5m (2010: £75.2m). Womenswear represented 47.7% of total sales (2010: 46.0%).

Geographic Performance

United Kingdom and Europe

Sales in our UK and Europe retail division were up 8.2% to £136.7m (2010: £126.4m). A good performance in the UK was supported by improved trading conditions in Europe.

Average square footage rose by 4.1% over the period to 188,035 sq ft (2010: 180,606 sq ft). At 29 January 2011, total retail square footage was 187,043 sq ft (2010: 186,024 sq ft) representing an increase of 0.5%. Retail sales per square foot increased 2.1% from £680 to £694.

During the year we opened seven further concessions in Eire, ten concessions across Italy and one further concession in the UK, offset by three concession closures in the UK and one in Eire. At 29 January 2011 we operated 33 stores (2010: 33), 165 concessions (2010: 151) and 10 outlet stores (2010:10).

Our e-commerce business benefited from the further enhancements made to our transactional website in the prior year, with a significant increase in the sales compared to last year.

Sales in our UK wholesale division were up 13.1% to £30.7m (2010: £27.1m). This performance recognises growth in our wholesale export business and a strong performance from our UK wholesale business given that the comparative period included sales from wholesale accounts which have transferred to retail concessions.

US

Sales from our US retail division increased by 29.9%, against a difficult comparative period, to $20.6m (2010: $15.9m), which, in sterling resulted in a 33.0% increase to £13.4m (2010: £10.1m).

We have taken advantage of the challenging conditions presented in the US to expand our business and opened four further stores during the year in Scottsdale, Santa Monica, New York and Chicago. Average square footage rose by 16.0% to 34,368 sq ft (2010: 29,632 sq ft) and retail sales per square foot increased 11.0% from $536 to $595. As at 29 January 2011 we now have 13 stores (2010: 9) and 2 outlets (2010: 2).

Towards the end of the year we launched our US transactional website and are pleased with its progress at this early stage.
As previously mentioned, we re-launched our US wholesale business under our own management during the year. This business traded well with total sales reaching $6.6m (2010: nil).

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 those territories to ensure the visual merchandising of the stores and the training of the teams reflect the Ted Baker culture. As at 29 January 2011 we operated a total of 23 stores (2010: 20 stores) across these territories.

We opened stores in the Dubai Marina Mall, Dubai, and the Abu Dhabi Marina Mall, Abu Dhabi during the year through our licence partner, RSH Limited. We opened a store in November in the 360 Degree Mall, Kuwait, with our licence partner in that territory, Al-Mutawa and Al-Khatib Retail Company, and are encouraged by early trading. As at 29 January 2011 we operated 7 stores across the Middle East (2010: 4 stores).

Our licence partner in Taiwan, Yun San, continued to make good progress and opened a concession in the Hanshin Arena Shopping Plaza in October.

At the start of the year we acquired two stores in Hong Kong from our former licence partner in the territory, Li & Fung, although one of these stores was scheduled to close in May. We are very pleased with the performance of these stores under our own management and as previously mentioned have now opened a further store in Hong Kong. We are also actively seeking further opportunities in the territory.

Including the closure of our store in Kuala Lumpur, Malaysia, as at 29 January 2011 we operated a total of 13 stores across Asia (2010: 14 stores).

In October we opened a store in the Pitt Street Mall, Sydney, Australia. This is our third store in Australia through a joint venture with our licence partner in that territory, Flair Industries Pty Ltd. Our existing stores continue to make good progress but the Sydney store has performed below our expectations to date as the redevelopment of the mall has not yet been completed. As at 29 January 2011 we operated 3 stores in Australasia (2010: 2).

Financial Review

Revenue and Gross Margin

Group revenue increased by 14.7% to £187.7m (2010: £163.6m), driven by an 11.9% increase in retail sales to £152.7m (2010: £136.5m) and a 28.9% increase in wholesale sales to £35.0m (2010: £27.1m).

The composite gross margin for the Group was 61.7% (2010: 61.1%), this net increase reflects buying efficiencies, which benefited both our wholesale and retail businesses, and the reduction in promotional activity throughout the year in our overseas retail markets. The improvement in the composite gross margin was partially offset by wholesale sales representing a greater proportion of our sales mix than in the comparative period. The retail gross margin increased to 65.5% (2010: 64.9%) and the wholesale gross margin increased to 44.8% (2010: 41.9%).

Operating Expenses

Operating expenses rose by 14.3% to £97.9m (2010: £85.7m). Excluding employee performance related bonus costs of £2.4m (2010: £1.9m), underlying operating expenses rose by 14.1%. Distribution costs, which include the costs of retail stores, outlets and concessions, increased by 14.1% to £73.7m (2010: £64.6m). The increase in these costs above the increase in average selling space reflects the addition of new space towards the end of the year that will mature over time. Administration expenses increased by 18.9% to £24.3m (2010: £20.4m). Excluding employee performance related bonus, administration expenses rose by 18.5% reflecting growth in the US team to support our US retail and wholesale businesses and growth in other central functions to support our expansion into international markets.

Profit Before Tax

Profit before tax grew by 24.2% to £24.2m (2010: £19.5m). This result was after the payment of an employee performance related bonus of £2.4m (2010: £1.9m). Bonus payments in both years were as a result of over achievement of internal targets in the financial year.

Impairment Losses

The Group incurred no impairment losses in the year (2010: £0.8m). The impairment loss in the prior year related to the carrying value of retail assets in Eire. This accounting charge had no cash flow effect on the Group.

Finance Income and Expenses

Net interest payable during the year was £30,000 (2010: £138,000). The reduction reflects the higher Group cash position for the majority of the year compared to last year.

The foreign exchange loss during the year of £48,000 (2010: £226,000) was due to the retranslation of monetary assets and liabilities denominated in foreign currencies.

Taxation

The Group tax charge for the year was £6.9m (2010: £6.0m), an effective tax rate of 28.7% (2010: 30.6%). The prior year rate excluding impairment was 29.5%. The Emergency Budget, announced on 22 June 2010, announced that the UK corporation tax rate will fall from 28.0% to 24.0% over a four year period. As a result we expect to see a future reduction in our effective rate in line with these changes.

Cash Flow

Net cash generated from operating activities was £18.1m (2010: £21.1m). The decrease on the prior year was principally due to an increase in working capital as opposed to a decrease in the prior year, offset by increased profit.

Total working capital as per the Group balance sheet, which comprises inventories, trade and other receivables and trade and other payables increased by £6.5m to £34.9m (2010: £28.4m). The movement in working capital as per the Group cash flow statement is lower due to translation differences. The timing of the Chinese New Year, which fell closer to the end of our financial year, resulted in stock being receipted earlier into the business, leading to an increase in inventories and trade payables. The increase in inventories also reflects the below average levels at the prior year end and the anticipated growth of our business in the coming year. The increase in trade receivables reflected the growth in the number of retail concessions and growth in our US wholesale business.

Capital expenditure of £10.0m (2010: £4.5m) reflected the opening and refurbishment of stores, concessions and outlets and the continued investment in the infrastructure of the business. Included within this figure is £1.0m (2010: £0.5m) of expenditure which relates to stores that are due to open in 2011.

The purchase of the non-controlling entity of £0.6m (2010: nil) relates to the purchase of the remaining shares in our joint venture, Ted Baker (New York) Inc, that were held by a third party. We now own 100.0% of this subsidiary (2010: 66.0%).

Shareholder Return

Basic earnings per share increased by 27.3% to 41.5p (2010: 32.6p).

The proposed final dividend of 14.3p per share will make a total for the year of 20.6p per share (2010: 17.15p per share), an increase of 20.1% on the previous year.

Free cash flow per share, which is calculated using the net cash generated from operating activities, was 41.8p (2010: 48.8p), this reduction was due to the change in working capital.

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 2012.

Borrowing Facilities

The Group has borrowing facilities of £20.0m (2010: £15.0m) available to it. The facilities comprise an unsecured committed facility of £3.0m and a revolving advance facility of £7.0m with the Royal Bank of Scotland PLC and an uncommitted, unsecured multi-option facility of £10.0m with Barclays Bank PLC.

The borrowing facilities held with The Royal Bank of Scotland PLC are made up by a £3.0m multi-currency facility and a £7.0m revolving credit facility. The facility held with Barclays Bank PLC is an uncommitted, unsecured multi-option facility of £10.0m. All facilities expire on 5 February 2012. 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.

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

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.

Principal Risks & Uncertainties

The Board recognises there are a number of risks and uncertainties that the Group faces. The Board, with the help of the executive committee, that comprises the chief executive, the finance director and subsidiary directors (the "Executive Committee"), 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 principal risks which are not shown in order of importance:

	Issue	*Potential impact*	*Mitigation*
Strategic Risks	External events	External events may occur which may affect the global, economic and financial environment in which we operate. These events can affect our suppliers, customers and partners, risking an increase in our cost base and adversely affecting our revenue	All factors affecting these stakeholders are monitored closely on an ongoing basis ensuring that we are prepared for, and can react to, changes in the external environment, allowing us to reduce our exposure as early as possible. The spread of our business and supply chain also helps to mitigate these risks
	Brand and reputational risk	The strength of our brand and its reputation are important to the business. There is a risk that our brand may be undermined or damaged by our actions or those of our partners	We carefully consider each new opportunity and each wholesale customer and partner with whom we do business. These are monitored on an ongoing basis to ensure they remain appropriate to the brand
	Fashion and Design	As with all fashion brands there is a risk that our offer will not satisfy the needs of our customers	The Group maintains a high level of market awareness and an understanding of consumer trends and fashion to ensure that we remain able to respond to changes in consumer preference
Operational Risks	Supply chain	If garments do not reach us on time and to specification, there is a risk of a loss of revenue and customer confidence	Our supply chain is diversified across a number of suppliers in different regions, reducing reliance on a small number of key suppliers. Suppliers are treated as key business partners and we work closely with them to mitigate these risks
	Cost inflation	We may face increases in our operating costs due to growth in raw material, labour, property and other costs, some of which are outside the scope of our control	Operating costs are monitored regularly to ensure that any cost pressures are quickly identified and appropriate action is taken
	Infrastructure	There is a risk of operational problems, including disruption to the infrastructure that supports our business, which may lead to a loss of revenue, data and inventory	The business continuity plan is constantly reviewed and updated by the Risk Committee. In addition, business disruption is covered by our insurance policies
	Social Responsibility	We are committed to operating in a responsible and sustainable manner as regards our supply chain, environment and community. If we fail to operate in a manner that supports our philosophy, this could damage the trust and confidence of our stakeholders	Four members of the Executive Committee have been tasked with overseeing specific areas of our social responsibility agenda. The Group has an employee whose sole responsibility is to monitor this agenda and ensure our practices fall in line with it

	Issue	*Potential impact*	*Mitigation*
Operational Risks - (continued)	IT security	Advances in technology have resulted in more data being transmitted electronically, 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
	People	The Group's performance is linked to the performance of our people and, in particular, to the leadership from key individuals. The loss of a key individual, whether at management level or within a specialist skill set, could have a detrimental affect on our operations and, in some cases, the creative vision for the brand	Retention of key talent is important and we take active steps to provide stability and security to the key team. We carry out an annual benchmarking review to ensure that we provide competitive remuneration and total reward packages. We also utilise long-term incentive schemes to retain key talent. Employee engagement through our culture and environment strengthens the commitment of team members and has a positive impact on our attrition rate
	Regulatory and legal framework	The Group operates within many markets globally and is subject to regulations affecting its activities	The Group closely monitors changes in the legal and regulatory framework within the markets in which it operates. We work closely with specialists in each market to ensure compliance with local laws and regulations
Financial Risks	Currency, interest, credit and counterparty credit risks	In the course of its operations, the Group is exposed to these financial risks which if they were to arise may have material financial impacts on the Group	The Group's policies for dealing with these risks are discussed in detail in note 22 on pages 68 to 76

Ted's Feminine Touch

Recreating the delicacy and detail of vintage bird cages through fine pencil drawings, Ted developed this unforgettable print for his Spring/Summer 11 Womenswear collection. Featuring birds perched on or inside the various cages with a shot of colour and playfulness across all styles and fabrics, it offers a feminine and appealing design that women have taken to their hearts.

CORPORATE GOVERNANCE STATEMENTS

Statement of compliance with the Combined Code

The Company has complied throughout the year with all of the provisions of the Combined Code on Corporate Governance issued in June 2008 (the "Combined Code"). The Board has noted and is aware of the recently introduced UK Corporate Governance Code (which will apply to the financial period of the Group ending 28 January 2012). The Board will seek to comply with the new code where it determines that to do so would be beneficial to the Company and its stakeholders.

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 on pages 26 to 30.

The Board

The Board currently comprises a non-executive chairman, a chief executive, one other executive director and three non-executive directors. Biographies of these directors appear on page 25.

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 the Executive Committee. 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 15 June 2010 the Board appointed Anne Sheinfield as an independent non-executive director. Anne is a commercial lawyer with 20 years' post qualification experience in the theatre, TV and music areas of entertainment.

Board and committee attendance

The table below details the number of Board and committee meetings held during the 52 weeks ended 29 January 2011 and the attendance record of each director.

	Board meetings	*Audit committee*	*Remuneration committee*	*Nomination committee*
Number of meetings held	9	3	1	1
Robert Breare	9	3	1	1
David A Bernstein	8	3	1	1
Ronald Stewart	9	3	1	1
Anne Sheinfield	6	-	-	-
Raymond S Kelvin	9	-	-	-
Lindsay D Page	9	-	-	-

Anne Sheinfield was appointed as a non-executive director on 15 June 2010.

CORPORATE GOVERNANCE STATEMENTS continued

Audit Committee

The Audit Committee (the "Committee") is chaired by Ronald Stewart and its other members are Robert Breare and David Bernstein, all of whom are independent non-executive Directors and served throughout the course of the year. The Committee met three times during the year with full attendance.

The Committee meets to review and approve the interim and annual financial statements, before submission for approval by the Board and considers any matters raised by the auditors. The committee will consider significant financial reporting judgements contained in the financial statements, including accounting policies and compliance, areas of management judgements and estimates and the effectiveness of financial reporting and controls. The Board considers all members to have relevant financial experience.

The 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 Committee also reviews the independence of the external auditors and the Company's policy on the supply of non-audit services by the external auditors. The Company has adopted a formal policy on the supply of non-audit services by the external auditors. They may only provide such services on condition that such advice does not conflict with their statutory responsibilities and ethical guidance. The Committee Chairman's pre-approval is required before the Company uses non-audit services that exceed financial limits set out by that policy and the aggregate spend is also reviewed by the Committee on an annual basis. Details of the auditors' remuneration for audit work and non-audit fees are disclosed in note 3 to the Financial Statements.

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.

The Committee is also responsible for reviewing the internal audit work plan, monitoring the delivery of that plan during the year and reviewing the effectiveness of the internal audit activities. It also considers the work of 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.

The terms of reference for the Committee are available on request from the Company Secretary.

Nomination Committee

The Nomination Committee (the "Committee") is chaired by Robert Breare and its other members are David Bernstein and Ronald Stewart, all of whom are independent non-executive Directors and served throughout the course of the year.

The Committee is responsible for nominating candidates for appointment to the Board and met once during the year with full attendance, resulting in the appointment of Anne Sheinfield as an independent non-executive director on 15 June 2010.

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

The terms of reference for the Committee are available on request from the Company Secretary.

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.

The UK Bribery Act

The Board is aware of the forthcoming UK Bribery Act, which is expected to come into force during 2011. The Board is proactively reviewing its procedures in anticipation of this legislation.

SUSTAINABILITY AND THE ENVIRONMENT

We believe in being open and honest in the way we do business and doing the right thing by all of our stakeholders; by operating in a responsible and sustainable manner.

How we work

Mr L D Page has been given specific responsibility for overseeing the formulation of the Group's policies and procedures for managing risks arising from social, environmental and ethical matters ("SEE"). In addition, the Board has tasked four members of the Executive Committee to oversee specific areas of our SEE agenda for the Group. These Executive Committee members participate because of the relevance of their departments to our ongoing commitment in these areas, Brand Communication, Product Design, Production and Special Projects (Interior Design). We employed a full time Green Guardian in April 2010 to manage the Group's cross-functional team (the "Green Team") which is responsible for addressing SEE concerns of the Group.

Key Issues

Ethical and Sustainable Sourcing

Ethical and sustainable sourcing is an area of great importance to the Group. We believe that our products should be produced in factories that are committed to providing a fair and safe environment for their workers. Our trusted partners within the supply chain are one of our most valuable assets. The Group is committed to reducing our impact on the environment, reducing our use of resources and increasing efficiencies wherever possible to ensure our business is sustainable.

- All Ted Baker suppliers are governed by our Company Code of Conduct, which is based on the Social Accountability International Code, an internationally recognised benchmark for ethical excellence, and can be found at www.tedbaker.com

- We announced our partnership with not-for-profit organisation, MADE-BY in May 2010. MADE-BY is a non-profit multi-stakeholder initiative set up to improve sustainability within the fashion industry. We are working with it to set realistic and achievable internal targets to improve the social and environmental standards in line with its internationally accredited benchmarks. Our first scorecard, detailing our current performance against these benchmarks, will be issued on MADE-BY's website during 2011

- Our partnership with MADE-BY has enabled us to access its expertise on sustainable fibres. We have set long term internal targets for the quantity of sustainable fibres used within our collections, and will be showing our progress yearly on our MADE-BY scorecards

Environmental Impacts

- As a Green 500 Member, we are committed to reducing our carbon footprint and were rewarded in June 2010 with a Platinum Award. This reflects the extent of our carbon reductions and acknowledges the successful implementation of our carbon saving initiatives

- We are working on both a baseline measurement for our carbon footprint as well as on projects that will help reduce it such as installing energy efficient LED lights within our showrooms and SMART meters within our stores to monitor energy consumption

- All of our business travel is CarbonNeutral®. This means that the unavoidable emissions generated by the air, road and rail journeys, required to visit our stores and suppliers, have been reduced to net zero through purchasing carbon credits from Voluntary Carbon Standard ("VCS") validated projects

- We continue to participate in The Carbon Disclosure Project to measure and disclose our greenhouse gas emissions and climate change strategies

- We participate in the Wastepak Compliance Scheme as part of the Producer Responsibility Obligation (Packaging Waste) Regulations 1997, and continue to reduce unnecessary packaging

- Our employees are our greatest asset, and we have Green Team members in every department and store encouraging colleagues to be more environmentally aware

- We are constantly looking at the waste our business creates, and working towards our overall aim to ensure no waste goes to landfill. We participate in recycling schemes in all properties

- We have installed two buckfast bee colonies on the roof of our London head office, to help give the bees a haven in which to recuperate their local population

Community

Our Charity Partner for 2009/2010 was Everyman, a prostate and testicular cancer charity. We used our underwear boxes as a vehicle to further raise awareness of their charity and funds for research into prostate and testicular cancer. We have also worked with them business wise to support a number of their initiatives.

We have also made other one-off in-kind donations throughout the year. Donations paid during the year can be found on page 33.

PEOPLE

The talent, commitment and passion of the Ted Baker team are key factors in the success of our business and brand. The value we place on our team is shown in the way we motivate them, encourage learning and development, nurture their growth and potential, and recognise and reward their contributions.

Culture

The spirit in which we conduct our business and interact with our team always takes into consideration 'Would Ted do it that way?' We regularly host internal events, including sessions with the chief executive, telling the story behind the brand and also Family Days where we open our doors to friends and family. During the period we invited investors and analysts to a series of presentations led by the Ted Baker management team to demonstrate the culture of our business and the strength of the team behind the brand.

Reward and Recognition

Remuneration is reviewed annually and a benchmarking review is undertaken to ensure we remain competitive and fair across all areas of the business. Our rewards include bonus schemes linked to sales targets and individual and corporate performance. We encourage our team members to join our Save As You Earn ("SAYE") schemes. This year we saw the launch of our Wisdom Awards; recognition for the longer serving members of the team and a chance for them to celebrate and share their stories with the rest of the team.

Learning and Development

Performance is reviewed bi-annually with each team member to discuss personal and career development. Within this process, goals and objectives are set and linked to personal growth and business development. We allow our team members to broaden their abilities and knowledge by exposing them to new experiences. We invest in training which ranges from specialist and technical skills training, to in-house developed courses focusing on management skills, leadership skills, brand awareness and self awareness. Firm career paths exist across the Group and inter-departmental and international moves play a large part in maintaining and growing talent.

Diversity

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. Our team represents a wide and diverse workforce from all backgrounds, sexual orientation, nationality, ethnic and religious groups. We support sponsorship of visa applications, where appropriate, to retain specific talent within the business. With continued overseas expansion our workforce is becoming more diverse and we respect cultural differences and actively seek to learn about them in each territory we operate.

Health, Safety and Welfare

Our duty and commitment to the well being of our team is supported by activity such as healthcare, occupational health, health seminars and funding for flu jabs. During the period, we introduced a Cycle to Work Scheme, with a Childcare Voucher Scheme introduced in previous years. During 2011, we will introduce an Employee Assistance Programme which will further support our genuine concern for the well-being of our team. The prevention and identification of risks and accidents is supported by an external Health and Safety service provider and ongoing training of management teams. A dedicated Health & Safety Officer will be recruited to strengthen our knowledge and commitment in this area of our business.

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 team members 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 Engagement

The Group places considerable value on the involvement of its team members and continues to keep them informed on matters affecting them 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. Team members are regularly informed of the Group's performance and the factors affecting its performance during the year.

Ted's Tactile Textiles

All Ted Baker prints are designed in house, and each one is intended to capture a sense of both the character and individuality of the man himself. The abstract nature of this floral print from Ted's Spring/Summer 11 menswear collection offers both texture and depth and combines with the highest quality fabrics, finishes and surfaces to ensure Ted's unique personality is woven into its very heart.

BOARD OF DIRECTORS

Robert Breare

Non-Executive Chairman (58)

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 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, CBE

Chief Executive (55) ('Closest Man To Ted')

Ray, the founder of Ted Baker, has worked in the fashion industry for over 37 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 (52)

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 Director (67)

David is chairman of The Football Association and non-executive chairman of Wembley National Stadium Limited, Blacks Leisure plc, Sports and Leisure Group Ltd and The Orchid Group Ltd. Previously he was joint managing director of Pentland Group Plc and chairman of 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 Director (63)

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.

Anne Sheinfield

Non-Executive Director (45)

Anne was appointed as a non-executive director on 15 June 2010. Anne is a commercial lawyer with 20 years' post qualification experience in the theatre, TV and music areas of entertainment and has a wealth of intellectual property and commercial legal experience. Anne is an independent director.

DIRECTORS' REMUNERATION REPORT

This report has been prepared in accordance with section 420 of the Companies Act 2006 and in compliance with the provisions of the Combined Code, as disclosed in the Company's corporate governance statements, and the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 regarding the contents of the report.

Remuneration Committee

The Remuneration Committee (the "Committee") is chaired by David Bernstein and its other members are Robert Breare and Ronald Stewart, all of whom are independent non-executive Directors and served throughout the course of the year. The Committee met once during the year with full attendance.

The Committee consulted Ernst & Young LLP (which also provided tax, legal and accounting services to the Group in the year) on executive remuneration issues.

The Committee is responsible for setting the remuneration packages of the executive directors of the Board and other senior executives who fall within the scope of the Committee. It approves all service contracts or other contracts between the Company and its executive directors and senior executives and considers and, if thought fit, approves any outside interests and other directorships of the executive directors. The Committee also reviews and approves the design of the Company's share based incentive schemes and determines the level of awards to be made and approves the performance targets. The terms of reference for the Committee are available on request from the Company Secretary.

Remuneration Policy

The aim of the Group'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.

Key Components of Executive Remuneration

Remuneration packages are structured to provide a balance between fixed basic salary and variable remuneration based on individual and Group performance.

Basic Salary

Basic salary is reviewed annually by the Committee having regard to competitive market practice and each director's contribution to the business, thus allowing for individual performance. When reviewing the salaries of the Executive Directors, the Committee also has regard to pay and employment conditions elsewhere in the Group.

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 for 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 29.

Pensions and Other Benefits

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

Long Term Incentive Schemes

The Committee strongly believes that executives should participate in equity-based incentives which support 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 was historically 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 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.

Following the Committee's extensive review of the existing conditional share awards and share options in 2009, the

Committee introduced the Value Creation Plan. The Value Creation Plan focuses executives on shareholder returns as the rewards earned are directly linked to share price performance and total shareholder return exceeding the return on an appropriate index. Since the introduction of the Value Creation Plan, no awards or options have been granted under the Performance Share Plan or the 1997 Executive Share Option Scheme.

The following schemes are in operation for the benefit of executive 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 2009 awards under the plan have been supplemented, in accordance with the plan rules, with a parallel linked issue of B ordinary shares in the Company's subsidiary, No Ordinary Designer Label Limited, to recipients of the 2009 awards. The award holders purchased the B ordinary shares at fair market value and they will only be able to realise any value in those shares by reference to the value of No Ordinary Designer Label Limited above a predetermined hurdle value at the end of the three year performance period applicable to the 2009 awards described above. At the end of the performance period, an award holder can therefore receive his benefit under the plan either by exercising the nil cost option under the 2009 award or selling B ordinary shares, but the gross benefit to the award holder cannot exceed the gross value realisable under the 2009 award and he cannot receive any benefit earlier than the time described above in relation to the nil cost option.

The Ted Baker 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 currently subsisting 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.

Awards made on 4 April 2008 were also subject to compound earnings per share growth performance conditions, with 25 per cent vesting only on 7.5 per cent per annum growth and the balance vesting on a straight line basis thereafter up to 100 per cent if growth of 12.5 per cent per annum was achieved. Mr R S Kelvin and Mr L D Page held awards under this plan.

The exercise of subsisting share options was 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

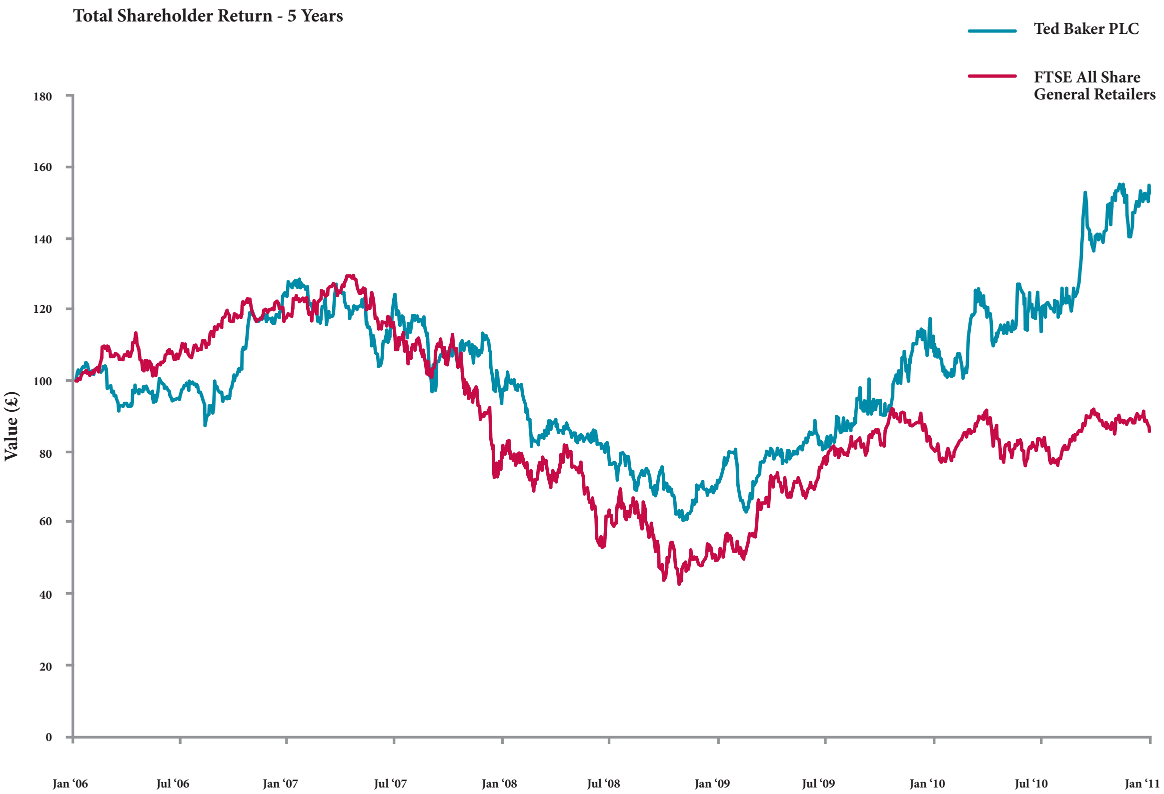
Each executive director has a service contract with a notice period of 12 months. The Board sets non-executive directors' fees. Service contracts and letters of appointment are available for inspection at the Company's registered office.

DIRECTORS' REMUNERATION REPORT continued

	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
Anne Sheinfield	15 June 2010	6 months	6 months	None

Total shareholder value

The following graph charts the total cumulative shareholder return of the Company from January 2006 to January 2011.



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 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	£'000
Emoluments	1,145	1,037
Money purchase pension contributions	35	31
	1,180	**1,068**

Directors’ emoluments

	Fees/basic salary	Benefits	Performance related bonus	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£’000	£’000	£’000	£’000	£’000
Executive					
R S Kelvin	296	6	225	527	493
L D Page	279	2	206	487	432
Non-executive					
R Breare	43	-	-	43	40
D A Bernstein	33	-	-	33	30
D B Hewitt	-	-	-	-	14
R Stewart	33	-	-	33	28
A Sheinfield *	22	-	-	22	-
	706	**8**	**431**	**1,145**	**1,037**

* Anne Sheinfield was appointed as a non-executive director on 15 June 2010

Performance related bonuses are determined by the 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’ Long Term Incentive Schemes

Awards under the Ted Baker 2009 Value Creation Plan

On 13 August 2009, the Committee made the award of units set out below under the Ted Baker 2009 Value Creation Plan (the “VCP”) subject to a three year performance period ending 12 August 2012. Awards under the 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 27.

	Average share price at award date	No. of units awarded	Share price at first vesting date	No. of shares vested
R S Kelvin	376.1p	17,900 (17.9% of total issued units	-	-
L D Page	376.1p	15,600 (15.6% of total issued units*)	-	-

*In parallel to the award of these units, Mr L D Page also acquired 4,444 B ordinary shares in the capital of No Ordinary Designer Label Limited on 29 January 2010 under the terms of the VCP. At the end of the performance period, Mr L D Page can receive his benefit under the VCP either by exercising the nil cost option which may be granted under the units award or by selling his B ordinary shares.

DIRECTORS' REMUNERATION REPORT continued

Conditional Share Awards

On 4 April 2008, the Trustees of the Ted Baker 1998 Employee Benefit Trust made the conditional share awards set out below under the Ted Baker Performance Share Plan (the "Plan") for the three years ending 29 January 2011. Awards under the Plan were subject to the growth of the Company's earnings per share over a three year period, details of which may be found on page 27. Diluted earnings per share rose by a compound rate of 4.9 per cent 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	414.0p	66,425	-	-
L D Page	414.0p	57,971	-	-

Share Options

Options granted to directors under the 1997 Executive Share Option Scheme were as follows:

	30 January 2010 No. of shares	*Options (exercised) or granted No. of shares*	*29 January 2011 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
LD Page	8,499	-	8,499	353.0	22 October 2011	21 October 2018

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

	30 January 2010 No. of shares	*Options (exercised) or granted No. of shares*	*29 January 2011 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

The exercise of options was subject to the growth in the Company's earnings per share over a three year period, details of which may be found on page 27. Diluted earnings per share rose by a compound rate of 4.9 per cent during the three years resulting in none of the options vesting.

Share options granted to directors under the Ted Baker Sharesave Scheme were as follows:

	30 January 2010 No. of shares	*Options (exercised) or granted No. of shares*	*29 January 2011 No. of shares*	*Option price p*	*Earliest date of exercise*	*Expiry Date*
L D Page	5,165	-	5,165	303.0	1 July 2014	1 January 2015

Directors' pension

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	£'000
L D Page	35	31

David Bernstein
Chairman of the Remuneration Committee

OTHER DISCLOSURES

The directors present their annual report on the affairs of the Group, together with the accounts and auditors' report, for the 52 weeks ended 29 January 2011. The comparative period is for the 52 weeks ended 30 January 2010.

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 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 and a representative office in Italy.

Business Review and Future Prospects

A commentary on the Group's progress during the period and its future prospects are set out in the Chairman's Statement and Business Review on pages 5 to 11.

The contents of this Directors' Report together with:

- the Chairman's Statement on pages 5 and 6;
- the Business Review on pages 7 to 11;
- the Principal Risks and Uncertainties on pages 12 and 13;
- the Sustainability and the Environment report on page 20; and
- the People report on page 21

constitute the Business Review and are incorporated into this report by reference.

Results and Dividends

The audited accounts for the 52 weeks ended 29 January 2011 are set out on pages 41 to 76. The Group profit for the 52 weeks, after taxation, was £17,280,000 (2010: £13,527,000). The directors recommend a final dividend of 14.3p per ordinary share (2010: 0.5p) payable on 17 June 2011 to ordinary shareholders on the register on 13 May 2011 which, together with the interim dividend of 6.3p per share (2010: 5.25p per share) paid on 26 November 2010, makes a total of 20.6p per share for the period (2010: 17.15p per share).

Directors

The directors during the financial year were those listed on page 25. Details of the directors' beneficial interests in the shares of the Company are shown on page 32. Details of their options are given in the Directors' Remuneration Report on pages 26 to 30. Brief details of the career of each director are set out on page 25.

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

Mr R Breare faces annual re-election due to his length of service as a non-executive Director of the Company.

In line with the terms of her appointment, Ms A Sheinfield will also retire by rotation at the next annual general meeting and, being eligible, will offer herself for re-election.

Substantial Shareholdings

On 24 March 2011, 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.

OTHER DISCLOSURES continued

Name of holder	*Number*	*% Held*
R S Kelvin	16,537,276	39.7
Fidelity Investments	4,404,994	10.6
Schroder Investment Management	3,463,777	8.3
Scottish Widows	3,174,600	7.6
Legal & General Investment Management	2,239,899	5.4

During the period between 24 March 2011 and 6 May 2011, being the latest date prior to the posting of the annual report and accounts, there have been no disclosures made to the Company pursuant to DTR 5.

Share Capital and Control

As at 29 January 2011, 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 64. On 29 January 2011 there were 43,198,033 ordinary shares in issue of which the Company holds 1,574,249 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 on pages 17 to 19. 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 may be sought, if considered appropriate by 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 29 January 2011 had interests in the shares of Ted Baker PLC as shown in the table below.

	% of share capital	*29 January 2011 Beneficial*	*30 January 2010 Beneficial*
R S Kelvin	39.7	16,537,276	16,537,276
L D Page	0.7	293,851	318,851
R Stewart	-	300	-

During the period between 29 January 2011 and 6 May 2011, 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.

Going Concern

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

Creditor Payment Policy

The Company's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not follow any code or statement on payment practice. The number of days' purchases outstanding for payment by the Group at the end of the year was 52 days (2010: 34 days). At the year end the Company had no trade creditors.

Donations

The value of charitable donations made during the period was £27,368 (2010: £2,450).

Social Responsibility

Details of the Group's social, ethical and environmental responsibility initiatives are set out in the Sustainability and the Environment statement on page 20.

People

Details of the Group's policies with respect to people and employees are set out in the People statement on page 21.

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 on pages 68 to 76.

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 24 March 2011 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 DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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 have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 judgements 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.

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

24 March 2011

L D Page
Finance Director

24 March 2011

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 29 January 2011 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Balance Sheets, the Group and Parent Cash Flow Statement 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 34, 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, and express an opinion on, 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 website at www.frc.org.uk/apb/scope/private.cfm.

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 29 January 2011 and of the group's profit for the period 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; and
- 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TED BAKER PLC continued

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 32, in relation to going concern;
- the part of the Corporate Governance Statement on page 17 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Mike Barradell (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

24 March 2011

Weaving Ted's Magic

A veritable explosion of breathtaking lights, this 'shattered crystal' graphic is a key print that has weaved its magic across Ted's womenswear accessories for Spring/Summer 11. Using digital fragmentation to bring to life his love of exotic colour and fabrics, this chameleon-like print sparkles both day and night and has ensured Ted continues to remain popular with the ladies, worldwide.

GROUP AND COMPANY PRIMARY FINANCIAL STATEMENTS

Group Income Statement

For the 52 weeks ended 29 January 2011

	Note	*52 weeks ended 29 January 2011*	*52 weeks ended 30 January 2010*
		£'000	£'000
Revenue	2	187,700	163,586
Cost of sales		(71,923)	(63,659)
Gross profit		**115,777**	**99,927**
Distribution costs		(73,690)	(64,573)
Administrative expenses			
- Other administrative expenses		(24,259)	(20,395)
- Impairment losses		-	(750)
Licence income		6,227	5,493
Other operating income		77	80
Operating profit		**24,132**	**19,782**
Finance income	4	42	10
Finance expenses	4	(120)	(374)
Share of profit of jointly controlled entity, net of tax	12	174	86
Profit before tax	**3,6**	**24,228**	**19,504**
Income tax expense	6	(6,948)	(5,977)
Profit for the period		**17,280**	**13,527**
Attributable to:			
- Equity shareholders of the parent company		17,280	13,576
- Non-controlling interest		-	(49)
Profit for the period		**17,280**	**13,527**
Earnings per share	9		
Basic		41.5p	32.6p
Diluted		41.4p	32.6p

GROUP AND COMPANY PRIMARY FINANCIAL STATEMENTS continued

Group Statement of Comprehensive Income

For the 52 weeks ended 29 January 2011

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	£'000
Profit for the period	**17,280**	**13,527**
Other comprehensive income		
Net effective portion of changes in fair value of cash flow hedges	143	(1,334)
Net change in fair value of cash flow hedges transferred to profit or loss	(279)	(391)
Exchange rate movement	112	(1,058)
Other comprehensive income for the period	**(24)**	**(2,783)**
Total comprehensive income for the period	**17,256**	**10,744**
Total comprehensive income attributable to:		
- Equity shareholders of the parent company	17,256	10,793
- Non-controlling interest	-	(49)
Total comprehensive income for the period	**17,256**	**10,744**

Group Statement of Changes in Equity

For the 52 weeks ended 29 January 2011

	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 30 January 2010	**2,160**	**9,137**	**(12)**	**124**	**54,906**	**66,315**	**(85)**	**66,230**
Comprehensive income for the period								
Profit for the period	-	-	-	-	17,280	17,280	-	17,280
Deferred tax associated with movement in hedging reserve	-	-	55	-	-	55	-	55
Effective portion of changes in fair value of cash flow hedges	-	-	88	-	-	88	-	88
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	(279)	-	-	(279)	-	(279)
Exchange rate movement	-	-	-	112	-	112	-	112
Total comprehensive income for the period	-	-	**(136)**	**112**	**17,280**	**17,256**	-	**17,256**
Transactions with owners recorded directly in equity								
Share options / awards charge	-	-	-	-	426	426	-	426
Movement on current / deferred tax on share options / awards	-	-	-	-	298	298	-	298
Purchase of non-controlling interest	-	-	-	-	(715)	(715)	85	(630)
Disposal of own / treasury shares	-	-	-	-	19	19	-	19
Dividends paid	-	-	-	-	(7,575)	(7,575)	-	(7,575)
Total transactions with owners	-	-	-	-	**(7,547)**	**(7,547)**	**85**	**(7,462)**
Balance at 29 January 2011	**2,160**	**9,137**	**(148)**	**236**	**64,639**	**76,024**	-	**76,024**

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**

GROUP AND COMPANY PRIMARY FINANCIAL STATEMENTS continued

Company Statement of Changes in Equity

For the 52 weeks ended 29 January 2011

	Share capital	*Share premium*	*Other reserves*	*Retained earnings*	*Total Equity*
	£'000	£'000	£'000	£'000	£'000
Balance at 30 January 2010	**2,160**	**9,137**	**14,605**	**15,381**	**41,283**
Profit for the period	**-**	**-**	**-**	**8,060**	**8,060**
Transactions with owners recorded directly in equity					
Share options / awards charge	-	-	-	69	69
Share options / awards granted to subsidiary employees	-	-	357	-	357
Disposal of own shares	-	-	-	19	19
Dividends paid	-	-	-	(7,575)	(7,575)
Total transactions with owners	**-**	**-**	**357**	**(7,487)**	**(7,130)**
Balance at 29 January 2011	**2,160**	**9,137**	**14,962**	**15,954**	**42,213**

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 credit	-	-	-	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**

Group and Company Balance Sheet
At 29 January 2011

	Note	Group 29 January 2011	Company 29 January 2011	Group 30 January 2010	Company 30 January 2010
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	10	997	-	634	-
Property, plant and equipment	11	28,368	-	25,508	-
Investments in subsidiary	12	-	17,051	-	16,694
Investment in equity accounted investee	12	345	-	171	-
Deferred tax assets	13	2,470	-	1,598	-
Prepayments		777	-	842	-
		32,957	**17,051**	**28,753**	**16,694**
Current assets					
Inventories	14	42,492	-	33,450	-
Trade and other receivables	15	27,384	24,712	19,698	24,112
Amount due from equity accounted investee	12	286	-	261	-
Derivative financial assets	16	102	-	280	-
Cash and cash equivalents	17	13,536	464	13,698	489
		83,800	**25,176**	**67,387**	**24,601**
Current liabilities					
Trade and other payables	18	(34,970)	(14)	(24,779)	(12)
Income tax payable		(3,761)	-	(3,511)	-
Derivative financial liabilities	16	(455)	-	(304)	-
		(39,186)	**(14)**	**(28,594)**	**(12)**
Non-current liabilities					
Deferred tax liabilities	13	(1,547)	-	(1,316)	-
		(1,547)	**-**	**(1,316)**	**-**
Net assets		**76,024**	**42,213**	**66,230**	**41,283**
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	(148)	14,962	(12)	14,605
Translation reserve	19	236	-	124	-
Retained earnings	19	64,639	15,954	54,906	15,381
Total equity attributable to equity shareholders of the parent company		**76,024**	**42,213**	**66,315**	**41,283**
Non-controlling interest		-	-	(85)	-
Total equity		**76,024**	**42,213**	**66,230**	**41,283**

These financial statements were approved by the Board of Directors on 24 March 2011 and were signed on its behalf by:

L D Page
Director

GROUP AND COMPANY PRIMARY FINANCIAL STATEMENTS continued

Group and Company Cash Flow Statement

For the 52 weeks ended 29 January 2011

	Group 52 weeks ended 29 January 2011	*Company 52 weeks ended 29 January 2011*	*Group 52 weeks ended 30 January 2010*	*Company 52 weeks ended 30 January 2010*
	£'000	£'000	£'000	£'000
Cash generated from operations				
Profit for the period	17,280	8,060	13,527	21,781
Adjusted for:				
Income tax expense	6,948	-	5,977	-
Depreciation	6,470	-	6,295	-
Impairment losses	-	-	750	-
Loss on disposal of property, plant & equipment	225	-	110	-
Share options / awards charge	426	69	192	32
Net finance losses / (gains)	30	(5)	138	(3)
Net change in derivative financial assets and liabilities	138	-	1,118	-
Share of profit in joint venture	(174)	-	(86)	-
Decrease in non-current prepayments	61	-	64	-
(Increase) / decrease in inventory	(9,026)	-	3,026	-
(Increase) / decrease in trade and other receivables	(7,511)	(600)	1,649	(14,960)
Increase /(decrease) in trade and other payables	10,140	2	(4,908)	10
Interest paid	(83)	-	(157)	-
Income taxes paid	(6,859)	-	(6,602)	-
Net cash generated from operating activities	**18,065**	**7,526**	**21,093**	**6,860**
Cash flow from investing activities				
Purchases of property, plant & equipment	(10,036)	-	(4,538)	-
Purchase of non-controlling entity	(630)	-	-	-
Proceeds from sale of property, plant & equipment	32	-	-	-
Interest received	38	5	8	3
Net cash from investing activities	**(10,596)**	**5**	**(4,530)**	**3**
Cash flow from financing activities				
Own shares acquired	-	-	-	-
Proceeds from option holders for exercise of options	19	19	43	43
Dividends paid	(7,575)	(7,575)	(6,928)	(6,928)
Net cash from financing activities	**(7,556)**	**(7,556)**	**(6,885)**	**(6,885)**
Net (decrease) / increase in cash and cash equivalents	**(87)**	**(25)**	**9,678**	**(22)**
Cash and cash equivalents at 30 January 2010 / 31 January 2009	**13,698**	**489**	**4,660**	**511**
Exchange rate movement	(75)	-	(640)	-
Cash and cash equivalents at 29 January 2011 / 30 January 2010	**13,536**	**464**	**13,698**	**489**

NOTES TO THE FINANCIAL STATEMENTS

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 on pages 5 to 13. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 10 to 11. 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.

Revised and amended standards and interpretations

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:

- IFRS 3 (revised 2008), Business Combinations;
- Amendment to IAS 27, Consolidated and Separate Financial Statements;
- Amendment to IAS 39, Financial Instruments: Recognition and Measurement: Eligible Hedged Items;
- Amendment to IAS 2, Share-based Payment: Group Cash-settled Share-based Payment Transactions;

NOTES TO THE FINANCIAL STATEMENTS continued

- Improvements to IFRS's 2009;
- IFRIC 17, Distributions of Non-cash Assets to Owners; and
- IFRIC 18, Transfers of Assets from Customers.

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 29 January 2011. 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 to IFRS 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 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. 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 assets, 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 conditional share awards

Share options and conditional share 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.

NOTES TO THE FINANCIAL STATEMENTS continued

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 other comprehensive income 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 other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income 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. 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 uses a pre-tax discount rate derived from the Group's weighted average cost of capital. Internal forecasts reflect the current market assessment and 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.

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

NOTES TO THE FINANCIAL STATEMENTS continued

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 a 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 judgements

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 their 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 pages 48 to 52. 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 29 January 2011	*Retail*	*Wholesale*	*Licence income*	*Total*
	£'000	£'000	£'000	£'000
Revenue	152,724	34,976	-	187,700
Cost of sales	(52,615)	(19,308)	-	(71,923)
Gross profit	**100,109**	**15,668**	-	**115,777**
Operating costs	(72,649)	-	-	(72,649)
Operating contribution	**27,460**	**15,668**	-	**43,128**
Licence income	-	-	6,227	6,227
Segment result	**27,460**	**15,668**	**6,227**	**49,355**
Reconciliation of segment result to profit before tax				
Segment result	**27,460**	**15,668**	**6,227**	**49,355**
Other operating costs	-	-	-	(25,300)
Other operating income	-	-	-	77
Operating profit				**24,132**
Net finance expense				(78)
Share of profit of jointly controlled entity, net of tax				174
Profit before tax				**24,228**
Capital expenditure	6,336	360	-	6,696
Unallocated capital expenditure				2,812
Total capital expenditure				**9,508**
Depreciation	4,980	132	-	5,112
Unallocated depreciation				1,358
Total depreciation				**6,470**
Segment assets	86,784	22,946	-	109,730
Other assets				7,027
Total assets				**116,757**
Segment liabilities	(28,824)	(6,601)	-	(35,425)
Other liabilities				(5,308)
Total liabilities				**(40,733)**
Net assets				**76,024**

Wholesale sales are shown after the elimination of inter-company sales of £14,596,000 (2010: £7,113,000).

NOTES TO THE FINANCIAL STATEMENTS continued

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	3,844	134	-	3,978
Unallocated capital expenditure	-	-	-	566
Total capital expenditure				**4,544**
Depreciation	4,958	102	-	5,060
Unallocated depreciation	-	-	-	1,235
Total depreciation				**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**

b) Geographical information

	UK & Europe	US	Other	Total
	£'000	£'000	£'000	£'000
52 weeks ended 29 January 2011				
Revenue	167,422	17,678	2,600	187,700
Non-current assets*	23,431	6,922	134	30,487
52 weeks ended 30 January 2010				
Revenue	153,527	10,059	-	163,586
Non-current assets*	22,885	4,270	-	27,155

*Non-current assets exclude deferred tax assets.

c) Revenue by collection

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£'000	£'000
Menswear	98,229	88,376
Womenswear	89,471	75,210
	187,700	**163,586**

3. Profit before tax

Profit before tax is stated after charging:	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£'000	£'000
Depreciation	6,470	6,295
Impairment losses	-	750
Operating lease rentals for leasehold properties	15,865	15,510
Fees payable to the Company's auditor for the audit of the Company's annual accounts	9	9
Fees payable to the Company's auditor and associates for the audit of the Company's subsidiaries, pursuant to legislation	76	76
Fees payable to the Company's auditor for other services supplied, persuant to legislation	20	20
Other services provided by the Company's auditor	20	3
Loss on sale of property, plant & equipment	225	110

NOTES TO THE FINANCIAL STATEMENTS continued

4. Finance income and expenses

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£'000	£'000
Finance income		
- Interest receivable	35	10
- Foreign exchange gains	7	-
	42	**10**
Finance expenses		
- Interest payable	(65)	(148)
- Foreign exchange losses	(55)	(226)
	(120)	**(374)**

5. Staff numbers and costs

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

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	No.	No.
Sales	1,472	1,372
Design	56	32
Administration	172	173
	1,700	**1,577**
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	32,007	28,145
Share based charge	426	192
Social security costs	2,880	2,516
Pension costs	515	432
	35,828	**31,285**

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 29.

6. Income tax expense

a) The tax charge comprises

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£'000	£'000
Current tax	7,461	6,336
Deferred tax	(633)	(521)
Prior year under provision	120	162
	6,948	**5,977**

b) Deferred tax movement by type

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£'000	£'000
Property, plant & equipment	(412)	(396)
Share based payments	(159)	(6)
Overseas losses	(41)	(111)
Inventory	(12)	(43)
Other (gains) / losses	(9)	35
	(633)	**(521)**

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 29 January 2011	52 weeks ended 30 January 2010
	£'000	£'000
Profit before tax	24,228	19,504
Profit multiplied by the standard rate in the UK – 28%, (2010: standard rate in the UK of 28%)	6,784	5,461
Expenses not deductible for tax purposes	191	427
Overseas losses not recognised	133	42
Movement in current and deferred tax on share awards and options	(46)	49
Prior year under provision	120	162
Effect of rate change on corporation tax	(66)	-
Difference due to overseas tax rates	(168)	(164)
Total income tax expense	**6,948**	**5,977**

d) Deferred and current tax recognised directly in equity

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£'000	£'000
Deferred tax credit on share awards and options	(298)	(13)
Deferred tax associated with movement in hedging reserve	(55)	375
in hedging reserve	**(353)**	**362**

The Chancellor announced in the Budget on 23 March 2011 that the decrease in the UK corporation tax rate for large companies will be increased such that there will be a 2% reduction in the headline rate from 28% to 26% with effect from 1 April 2011. The proposed 1% per annum reductions in the headline rate remains such that it is proposed that the headline rate will decrease to 23% by 1 April 2014.

NOTES TO THE FINANCIAL STATEMENTS continued

As the deferred tax assets and liabilities should be recognised based on the corporation tax rates substantively enacted at the balance sheet date, the 27% rate remains appropriate for the current year.

Accordingly, in the period, £66,000 has been credited to the income statement. Had the further tax rate changes been substantively enacted before the balance sheet date, it would have had the effect of reducing the net deferred tax liability in relation to UK operations by £171,000.

7. Profit attributable to Ted Baker PLC

The profit after tax of Ted Baker PLC, the parent company was £8,060,000 (2010: £21,781,000). The directors have approved the income statement for the parent company.

8. Dividends per share

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	£'000
Final dividend paid for prior year of 0.5p per ordinary share (2010: 11.4p)	208	4,743
Second interim dividend paid for prior year of 11.4p per ordinary share (2010: £Nil)	4,745	-
Interim dividend paid of 6.3p per ordinary share (2010: 5.25p)	2,622	2,185
	7,575	**6,928**

A final dividend in respect of 2011 of 14.3p per share, amounting to a dividend payable of £5,952,201, is to be proposed at the Annual General Meeting on 14 June 2011.

9. Earnings per share

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
Number of shares:	No.	No.
Weighted number of average ordinary shares outstanding	41,622,472	41,613,798
Effect of dilutive options and awards	163,956	10,183
Weighted number of average ordinary shares outstanding – diluted	**41,786,428**	**41,623,981**
Earnings:	£'000	£'000
Profit for the period basic and diluted	17,280	13,576
Basic earnings per share	41.5	32.6
Diluted earnings per share	41.4	32.6

The weighted number of average ordinary shares excludes own shares held by the Ted Baker Group Employee Benefit Trust, the Ted Baker 1998 Employee Benefit Trust and treasury shares.

Diluted earnings per share have been calculated using the weighted average number of ordinary shares outstanding. In addition, account has been taken of any share options and awards made under the long term incentive schemes which will have a dilutive effect when exercised or vested. The actual dilutive effect will only be determined on exercise or vesting and in particular, the dilutive impact of the Ted Baker 2009 Value Creation Plan will be determined by the number of nil cost options ultimately granted to participants at the end of the three year performance period.

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 30 January 2010	634
Additions	366
Exchange rate movement	(3)
At 29 January 2011	**997**

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

The intangible assets, both brought forward and added during the period, relate to the right to lease stores that have a guaranteed residual value. The guaranteed value arises because the next tenants based on current market conditions are required to pay these amounts to the Group. Due to the nature of this the assets are considered recoverable and therefore not amortised. The current market rate rents, for both stores, continue to be above the rent under the lease terms and hence no decline in values are 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 30 January 2010	33,485	29,974	170	506	64,135
Additions	4,380	4,603	-	525	9,508
Disposals	(279)	(249)	(45)	-	(573)
Exchange rate movement	71	30	1	-	102
At 29 January 2011	**37,657**	**34,358**	**126**	**1,031**	**73,172**
Depreciation					
At 30 January 2010	15,926	22,562	139	-	38,627
Charge for the year	2,785	3,679	6	-	6,470
Impairment losses	-	-	-	-	-
Disposals	(105)	(178)	(35)	-	(318)
Exchange rate movement	9	15	1	-	25
At 29 January 2011	**18,615**	**26,078**	**111**	**-**	**44,804**
Net book value					
At 30 January 2010	**17,559**	**7,412**	**31**	**506**	**25,508**
At 29 January 2011	**19,042**	**8,280**	**15**	**1,031**	**28,368**

NOTES TO THE FINANCIAL STATEMENTS continued

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 £506,000 (2010: £203,000) whilst additions into this category were £1,031,000 (2010: £506,000).

Impairment losses recognised in the year were £nil (2010: £750,000). The impairment losses in the prior year were as a result of a review of the carrying value of the portfolio of store assets.

	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**

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.

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	100%
Ted Baker (France) SARL	France	Retail of designer clothing & accessories	100%
Ted Baker Japan KK	Japan	Retail of designer clothing & accessories	100%

b) Subsidiary undertakings - cost and net book value

	Company
	£'000
At 30 January 2010	16,694
Increase in cost of investment for share options / awards granted to subsidiary employees	357
At 29 January 2011	**17,051**

	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 three stores in Australia (2010: two stores).

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	£'000
Investment in Joint Venture	345	171

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 29 January 2011.

NOTES TO THE FINANCIAL STATEMENTS continued

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	**£'000**
Amounts due from equity accounted investee	286	261

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 29 January 2011 are as follows:

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	£'000
Non-current assets	1,509	889
Current assets	425	277
Non-current liabilities	-	-
Current liabilities	(1,077)	(728)
Net assets	**857**	**438**
Share capital	23	23
Retained earnings	395	185
Current year profit, net of tax	348	172
Exchange rate movement	91	58
Total equity	**857**	**438**

13. Deferred tax assets and liabilities

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	**£'000**
Assets		
Share based payments	474	17
Derivative financial instruments	55	-
Liabilities		
Property, plant & equipment	(403)	(396)
Other *	(1,673)	(937)
Net deferred tax liability	(1,547)	(1,316)
Deferred tax asset on foreign operations arising from:		
Foreign trading losses	1,904	1,162
Inventory	349	302
Property, plant & equipment	178	134
Other – vacation accrual	39	-
	2,470	**1,598**

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 £689,000 (2010: £587,000).

** Other includes a deferred tax liability for UK tax payable on US operations for which no double tax relief will be available.*

14. Inventories

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	£'000
Raw materials and packaging	2,174	2,072
Work in progress	805	750
Finished goods and goods for resale	39,513	30,628
	42,492	**33,450**
Cost of inventories recognised as an expense	62,881	67,524
Inventories written down and recognised as an expense in the period	1,683	1,182

15. Trade and other receivables

	Group 29 January 2011	*Company 29 January 2011*	*Group 30 January 2010*	*Company 30 January 2010*
	£'000	£'000	£'000	£'000
Trade receivables	18,182	-	14,436	-
Amounts owed by Group undertakings	-	24,710	-	24,108
Prepayments and accrued income	9,202	2	5,262	4
	27,384	**24,712**	**19,698**	**24,112**

16. Derivative financial instruments

	Assets 29 January 2011	*Liabilities 29 January 2011*	*Assets 30 January 2010*	*Liabilities 29 January 2010*
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	102	(455)	280	(304)

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 (2010: £nil).

Gains and losses in equity of forward exchange contracts at 29 January 2011 will be released to the income statement at various dates within 12 months of the balance sheet date, as the hedged forecast transactions occur.

NOTES TO THE FINANCIAL STATEMENTS continued

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

	Group 52 weeks ended 29 January 2011	*Company 52 weeks ended 29 January 2011*	*Group 52 weeks ended 30 January 2010*	*Company 52 weeks ended 30 January 2010*
	£'000	£'000	£'000	£'000
Cash and cash equivalents per cash flow statement / balance sheet	13,536	464	13,698	489

18. Trade and other payables

	Group 29 January 2011	*Company 29 January 2011*	*Group 30 January 2010*	*Company 30 January 2010*
	£'000	£'000	£'000	£'000
Trade payables	18,888	-	10,392	-
Accruals and deferred income	13,385	14	11,471	12
Other taxes and social security	2,697	-	2,916	-
	34,970	**14**	**24,779**	**12**

19. Capital and reserves

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
	£'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 (2010: 43,198,033)	2,160	2,160

At 29 January 2011, 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 (2010: Employee Trust - £Nil, 1998 Trust - £Nil).

The Company held 1,574,249 shares in treasury at 29 January 2011 (2010: 1,579,557).

Other Reserves and retained earnings

Other Reserves and retained earnings include the following reserve accounts:

Cash Flow Hedging reserve

The effective portion of financial instruments that is designated as hedging instruments and is documented as part of an effective hedge of future cash flows is recognised directly in equity and recycled to the income statement when the underlying cash flows occur, or are no longer expected to occur. At 29 January 2011, the value of financial instruments that are designated as hedging instruments recorded in equity was -£148,000 (2010: -£12,000).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the Group's financial statements of foreign operations.

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 the cost of share options and awards granted to subsidiary employees of the parent company. This reduction in other reserves is reflected in retained earnings in the Group Statement of Changes in Equity.

Retained Earnings

In 2010 the Group acquired an additional 34% in Ted Baker (New York) Inc for £0.6m in cash increasing its ownership to 100%. The carrying amount of net assets in the Group's financial statements on the date of acquisition was £0.1m. The Group eliminated its non controlling interest of £0.1m and recognised a decrease in retained earnings of £0.7m.

20. Share based payments

Share options and conditional share 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's 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.

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

	Weighted average exercise price 2011	*Number of options/awards 2011*	*Weighted average exercise price 2010*	*Number of options/awards 2010*
At beginning of period	240.7p	1,921,415	241.7p	1,865,698
Granted during the period	432.0p	42,093	303.0p	138,886
Exercised during the period	361.0p	(5,308)	314.0p	(13,823)
Lapsed during the period	235.9p	(1,803,953)	378.9p	(69,346)
Outstanding at the end of period	**344.7p**	**154,247**	**240.7p**	**1,921,415**
Exercisable at end of period	-	-	-	-

The charge for the year to the income statement amounted to £38,868 (2010: £22,930).

The weighted average share price at the date of exercise of share options exercised during the year was 531.0p (2010: 342.5p).

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

	Expiry date	*Excercise price*	*Fair value at grant date*	*Numbero f options / awards at 29 January 2011*	*Numbero f options / awards at 30 January 2010*
17 November 2004	31 January 2011	361.0p	141.5p	-	5,308
17 November 2005	31 January 2012	334.0p	160.0p	2,602	5,675
18 April 2006	*	-	443.5p	-	212,198
31 July 2006	*	-	458.8p	-	157,548
23 March 2007	*	-	551.5p	-	139,515
27 November 2007	31 January 2014	429.0p	144.6p	18,810	25,943
4 April 2008	*	-	367.4p	-	378,316
4 April 2008	29 January 2018	414.0p	65.2p	-	740,877
21 October 2008	20 October 2018	362.0p	53.9p	-	27,624
21 October 2008	20 October 2018	353.0p	57.3p	-	84,990
27 October 2008	26 October 2018	354.9p	40.7p	-	8,453
15 May 2009	1 January 2013	303.0p	82.5p	23,445	29,641
15 May 2009	1 January 2015	303.0p	84.6p	78,584	108,400
14 May 2010	31 January 2015	432.0p	124.6p	22,537	-
14 May 2010	31 January 2017	432.0p	129.4p	8,269	-
				154,247	**1,924,488**

** 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.

NOTES TO THE FINANCIAL STATEMENTS continued

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

	52 weeks ended 29 January 2011	*52 weeks ended 30 January 2010*
Weighted average share price	441.4p	439.1p
Weighted average exercise price	241.6p	240.7p
Risk free interest rate	1.49% - 5.29%	2.17% - 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% - 4.62%

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 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 29 January 2011	*At 30 January 2010*
	No. of entitlements	No. of entitlements
At 30 January 2010	100,000	-
VCP entitlements awarded during the year	-	100,000
Lapsed during the year	-	-
Outstanding at 29 January 2011	**100,000**	**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 £387,264 (2010: £178,737). Included in the charge for the year is an amount in respect of R S Kelvin who is employed by the Company, amounting to £69,320 (2010: £31,994).

21. Financial commitments

a) Capital commitments

The Group has capital commitments of £2,682,000 at 29 January 2011 (2010: £1,118,000) 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 29 January 2011	*52 weeks ended 30 January 2010*
	£'000	£'000
Within one year	18,267	15,388
Between one and five years	58,980	62,820
Later than five years	36,626	35,706
	113,873	**113,914**

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 £12,934,000 (2010: £12,704,000).

NOTES TO THE FINANCIAL STATEMENTS continued

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 £515,000 (2010: £432,000). Contributions totalling £18,778 (2010: £18,045) 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 29 January 2011	*Fair value 29 January 2011*	*Carrying Amount 30 January 2010*	*Fair value 30 January 2010*
	£'000	£'000	£'000	£'000
Financial assets				
Trade receivables	18,182	18,182	14,436	14,436
Accrued income	1,099	1,099	1,163	1,163
Amount due from equity accounted investee	286	286	261	261
Derivative financial assets	102	102	280	280
Cash and cash equivalents	13,536	13,536	13,698	13,698
Total financial assets	**33,205**	**33,205**	**29,838**	**29,838**
Financial liabilities				
Trade and other payables	(34,970)	(34,970)	(24,779)	(24,779)
Derivative financial liabilities	(455)	(455)	(304)	(304)
Total financial liabilities	**(35,425)**	**(35,425)**	**(25,083)**	**(25,083)**
Net financial (liabilities) / assets	**(2,220)**	**(2,220)**	**4,755**	**4,755**

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 29 January 2011	*Fair value 29 January 2011*	*Carrying Amount 30 January 2010*	*Fair value 30 January 2010*
	£'000	£'000	£'000	£'000
Financial assets				
Amounts owed by group undertakings	24,710	24,710	24,108	24,108
Cash and cash equivalents	464	464	489	489
Total financial assets	**25,174**	**25,174**	**24,597**	**24,597**
Financial liabilities				
Trade and other payables	(14)	(14)	(12)	(12)
Total financial liabilities	**(14)**	**(14)**	**(12)**	**(12)**
Net financial assets	**25,160**	**25,160**	**24,585**	**24,585**

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 29 January 2011	*Assets 29 January 2011*	*Liabilities 29 January 2011*	*Contractual/ notional amounts 30 January 2010*	*Assets 30 January 2010*	*Liabilities 30 January 2010*
	£'000	£'000	£'000	£'000	£'000	£'000
Currency derivatives	26,598	102	(455)	21,187	280	(304)
	26,598	**102**	**(455)**	**21,187**	**280**	**(304)**

NOTES TO THE FINANCIAL STATEMENTS continued

c) Cash flow hedging reserve movements

The following table indicates the cash flow hedging reserve balance at 29 January 2011 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 29 January 2011	*Currency derivatives 30 January 2010*
	£'000	£'000
Within six months	(148)	(12)
Between six months and one year	-	-
Between one and two years	-	-
Unrecognised losses	**(148)**	**(12)**

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 29 January 2011	*Currency derivatives 30 January 2010*
	£'000	£'000
Opening balance	(12)	1,713
Gains / (losses) recognised in hedging reserve	88	(959)
Amounts recovered from hedging reserve and recognised in income statement	(279)	(391)
Deferred tax associated with movement in the hedging reserve	55	(375)
Closing balance	**(148)**	**(12)**

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:

NOTES TO THE FINANCIAL STATEMENTS continued

	US Dollar 29 January 2011	Euro 29 January 2011	Other 29 January 2011
	£'000	£'000	£'000
Financial assets			
Trade receivables	84	1,425	125
Cash and cash equivalents*	(7,291)	4,780	1,031
	(7,207)	**6,205**	**1,156**
Financial liabilities			
Trade and other payables	(3,597)	(2,857)	(255)
	(3,597)	**(2,857)**	**(255)**
	(10,804)	**3,348**	**901**

** 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 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 following significant exchange rates applied during the year:

	Average rate 29 January 2011	Mid-spot rate 29 January 2011	Average rate 30 January 2010	Mid-spot rate 30 January 2010
US dollar	1.543	1.589	1.580	1.610
Euro	1.170	1.161	1.127	1.155

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 29 January 2011. 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% (2010: 10%) strengthening or weakening of the sterling against the following currencies at 29 January 2011 would have increased / (decreased) equity and profit by the amounts shown in the following table:

	Impact on profit 29 January 2011	*Impact on equity 29 January 2011*	*Impact on profit 30 January 2010*	*Impact on equity 30 January 2010*
Test of 10% (2010: 10%) strengthening in sterling against other currencies	£'000	£'000	£'000	£'000
US Dollar	(982)	(982)	(557)	(557)
Euro	304	304	(21)	(21)
	(678)	**(678)**	**(578)**	**(578)**
Test of 10% (2010: 10%) weakening in sterling against other currencies				
US Dollar	**1,200**	**1,200**	**680**	**680**
Euro	**(372)**	**(372)**	**25**	**25**
	828	**828**	**705**	**705**

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 29 January 2011*	*Company 29 January 2011*	*Group 30 January 2010*	*Company 30 January 2010*
	£'000	£'000	£'000	£'000
Sterling	11,785	464	16,296	489
US Dollar	(4,586)	-	(4,092)	-
Euro	5,252	-	1,412	-
Other	1,030	-	22	-
	13,481	**464**	**13,638**	**489**

There were no fixed rate financial assets or liabilities at 29 January 2011 and 30 January 2010.

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 29 January 2011. The Group considers its maximum exposure to credit risk to be:

NOTES TO THE FINANCIAL STATEMENTS continued

	52 weeks ended 29 January 2011	52 weeks ended 30 January 2010
	£'000	£'000
Cash and cash equivalents	13,481	13,638
Trade receivables	18,182	14,436
Accrued income	1,099	1,163
Amount due from equity accounted investee	286	261
Derivative financial assets	102	280
	33,150	**29,778**

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

As at 29 January 2011, 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 29 January 2011						
Non-derivative financial liabilities						
Trade and other payables	34,970	-	-	-	34,970	34,970
Derivative financial liabilities						
Derivative financial instruments	455	-	-	-	455	455
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

Borrowing facilities

Borrowing facilities of £20,000,000 (2010: £15,000,000) are available to the Group in 2011 in respect of which all conditions precedent have been met.

The borrowing facilities available to the Group consist of facilities with The Royal Bank of Scotland PLC of £10.0m and a facility of £10.0m with Barclays Bank PLC, all facilities are subject to an annual renewal.

The borrowing facilities held with The Royal Bank of Scotland PLC are made up by a £3.0m multi-currency facility and a £7.0m revolving credit facility. The facility held with Barclays Bank PLC is an uncommitted, unsecured multi-option facility of £10.0m. All facilities expire on 5 February 2012. 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 29 January 2011.

At 29 January 2011, the borrowing facilities were unutilised (2010: unutilised).

NOTES TO THE FINANCIAL STATEMENTS continued

e) Capital management

The Board's policy is to maintain a strong capital base, defined as total shareholders' equity, totalling £76,024,000 at 29 January 2011 (2010: £66,230,000), so as to maintain investor, creditor and market confidence and to sustain future development of the business.

From time to time the Company 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 and Company's share option and award programmes. Buy and sell decisions are made on a specific transaction basis by the Board; the Group and Company do 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 and Company'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 40.4 per cent of the voting shares of the Company.

At the 29 January 2011, the main trading company owed the parent company £24,710,000 (2010: £24,108,000). The main trading company was owed £23,313,000 (2010: £11,869,000) 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, with Flair Industries Pty Ltd. As at 29 January 2011, the joint venture owed £286,000 to the main trading company (2010: £261,000). In the period the value of sales made to the joint venture by the Group was £565,000 (2010: £364,000).

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

FIVE YEAR SUMMARY

	52 weeks ended 27 January 2007	*52 weeks ended 26 January 2008*	*53 weeks ended 31 January 2009*	*52 weeks ended 30 January 2010*	*52 weeks ended 29 January 2011*
	£'000	£'000	£'000	£'000	£'000
Results					
Revenue	125,648	142,231	152,661	163,586	187,700
Operating profit	20,049	22,142	17,161	19,782	24,132
Profit before tax	20,050	22,057	17,766	19,504	24,228
Profit before tax and impairment	20,050	22,057	19,552	20,254	24,228
Profit for the period	**14,416**	**15,242**	**12,568**	**13,527**	**17,280**
Assets employed					
Property, plant and equipment	19,209	23,061	28,701	25,508	28,368
Non-current assets	1,007	1,738	2,623	3,245	4,589
Net current assets / (liabilities)	31,108	31,756	31,417	38,793	44,614
Non-current liabilities	(43)	(843)	(575)	(1,316)	(1,547)
Net assets	**51,281**	**55,712**	**62,166**	**66,230**	**76,024**
Financed by					
Shareholders' funds	51,338	55,723	62,202	66,315	76,024
Non-controlling interest	(57)	(11)	(36)	(85)	-
	51,281	**55,712**	**62,166**	**66,230**	**76,024**
Key statistics					
Basic earnings per share	33.9p	36.1p	29.6p	32.6p	41.5p
Diluted earnings per share	33.6p	35.9p	29.6p	32.6p	41.4p
Dividends per share	14.6p	16.4p	16.65p	17.15p	20.6p
Dividend cover	2.3 times	2.2 times	1.8 times	1.9 times	2.0 times
Return on capital employed	53.8%	51.4%	32.6%	37.4%	39.3%

Part of the Fabric of Ted

Creating bespoke homes for his clothing and accessories is a key part of the fabric of Ted's world and each of his stores is tailored to suit the location in which it sits. Ted's second store in Hong Kong, for example, is based in the bustling New Town Plaza of Shatin and uses the area's rich history as a famous picnic spot as its design inspiration – including this mural of a Victorian picnic scene which adorns the fitting room walls. Texture, ambience and eccentricity combine to ensure that no two Ted stores are alike.