

T E D B A K E R

L O N D O N

TED'S PASSPORT TO SUCCESS



UNITED NATIONS OF TED

REPORT & ACCOUNTS 2011/12





*The most stylish
Ted Baker Esq.
hereby offers
dapper gents & sophisticated ladies
the opportunity to learn about
this man of the world's
global expansion
and sartorial success story
in the name of
all that is fashionable
(and without let or hindrance
- whatever that means)*

This passport contains 80 pages

T E D B A K E R
L O N D O N

PASSPORT
UNITED NATIONS OF TED

Name of bearer } TED BAKER ESQ

National status } BRITISH - BORN & BRED

Place of birth } LONDON

Height } 6 FT IN MY SOCKS

Distinguishing marks } STYLISH MENSWEAR,
WOMENSWEAR AND ACCESSORIES...
AND MUCH MORE BESIDES

No. of Stores/Concessions } 275 AND COUNTING

Usual signature of bearer } 

VISAS



BEIJING

CONTENTS

Directors' Report: Overview

Chairman's Statement.....	05
Business Review	07
Financial Review.....	10
Principal Risks and Uncertainties.....	12

Directors' Report: Governance

Corporate Governance Statements.....	17
Sustainability and The Environment	21
People.....	23

Directors' Report: Other Statutory Disclosures

Board of Directors	27
Directors' Remuneration Report.....	28
Other Disclosures	34
Statement of Directors' Responsibilities.....	37
Independent Auditors' Report to the Members of Ted Baker PLC.....	38

Financial Statements

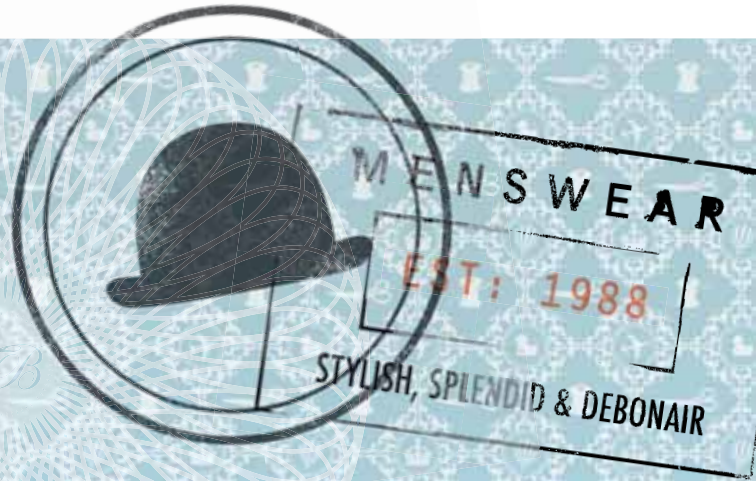
Group and Company Primary Financial Statements.....	43
Notes to the Financial Statements.....	49
Five Year Summary.....	78

Ted's advisers

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

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CHAIRMAN'S STATEMENT

The Group has delivered an excellent result against a challenging back drop. This strong performance resulted in a 14.9% increase in Group revenue to £215.6m (2011: £187.7m) and an 11.7% increase to £27.1m in profit before tax and exceptional costs.

The retail division performed well across all markets and delivered an increase in revenue of 14.1% to £174.2m, on an increase in average square footage of 6.6%. Gross margins were broadly maintained at 65.2% (2011: 65.5%).

Wholesale sales for the Group increased by 18.5% to £41.4m (2011: £35.0m). This reflected a good performance from our UK wholesale business, which also includes the results of our UK export business, and the continued growth of our US wholesale business, which contributed its first full year of trading under our own management.

Licence income from our territorial and product licences increased by 8.1% to £6.7m (2011: £6.2m).

Results

Group revenue for the 52 weeks ended 28 January 2012 rose by 14.9% to £215.6m (2011: £187.7m). The composite gross margin has decreased slightly to 61.3% (2011: 61.7%), reflecting a change in mix between retail and wholesale sales whilst input margins were largely maintained.

Profit before tax and exceptional costs increased by 11.7% to £27.1m (2011: £24.2m) and profit before tax was slightly above the prior year at £24.3m (2011: £24.2m).

Adjusted basic earnings per share excluding exceptional costs increased by 17.8% to 48.9p (2011: 41.5p) and basic earnings per share increased by 1.7% to 42.2p (2011: 41.5p).

Exceptional costs incurred during the year of £2.8m (2011: nil) are in respect of rent for stores that will not commence trading until 2012, set up costs in relation to our expansion into China and a provision for bad and doubtful debts in respect of our exposure in Greece.

The Group's net cash position at the end of the year was £1.8m (2011: £13.5m). The reduction in cash was due to our investment in inventory and capital expenditure in

anticipation of the planned expansion of the Group in the coming year.

Dividends

The Board is recommending a final dividend of 16.25p per share, making a total for the year of 23.4p per share (2011: 20.6p per share), an increase of 13.6% on the prior year. Subject to approval, the final dividend will be paid on 15 June 2012 to shareholders on the register on 11 May 2012.

People

I would like to take this opportunity to thank all of my colleagues around the world. This strong performance is testament to the dedication and commitment of the Ted Baker team. Their passion and enthusiasm are key factors in the success and continuing development of our brand.

Current Trading and Outlook

The Ted Baker brand continues to perform well in an uncertain trading environment. We are pleased by the initial positive reaction to our Spring/Summer collections and believe that we are well placed to deal with the challenges and opportunities ahead. We are excited by our planned expansion and investment in our businesses overseas, which include openings on Fifth Avenue, New York, Toronto, Canada, Tokyo, Japan, Seoul, Korea and Beijing, China.

Retail

The new financial year has started well in all our markets.

In the US, we have opened a further eight concessions in a leading department store and plan to open a further eleven concessions during the year. We will be opening a store on Fifth Avenue, New York in July. We will be opening our first store in Toronto, Canada in November.

In Europe, we have opened three concessions through a leading department store in the Netherlands and we will be opening further concessions in Eire and Spain during the year.

CHAIRMAN'S STATEMENT *continued*

In the UK, we will be opening a store on the Brompton Road, London in the middle of the year.

In Asia, we have very recently opened a store in Tokyo, Japan and our first concession through a leading department store in Seoul, Korea. We will be opening a store in Beijing, China in the middle of the year and we continue to seek opportunities for further stores in Hong Kong.

Wholesale

Trading in our wholesale business has started well and in line with our expectations. We anticipate further growth in our US wholesale business and export business in the coming year, with sales from our UK wholesale business broadly level on last year given the challenging environment faced by our Trustees. This should result in single digit growth in our wholesale business in the coming year.

Licence Income

Our product and territorial licences continue to perform well and are in line with expectations.

We plan to open stores in Kuala Lumpur and Abu Dhabi during the coming year with our licence partners in those territories.

Group

The Ted Baker brand continues to perform well in an uncertain trading environment and we believe we are well placed to deal with the challenges and opportunities ahead. We continue to ensure that our costs and commitments are controlled and in line with trends anticipated for 2012.

We remain focused on our multi-channel distribution strategy and look forward to the further expansion of 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 12 June 2012.

Robert Breare
Non-Executive Chairman
21 March 2012

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 by Ted Baker; 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 independent stores 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, the US and Hong Kong, an e-commerce business based in the

UK, primarily serving the UK and Europe, with a separate site dedicated to the Americas and an e-commerce business with some of our concession partners.

The retail division delivered a strong performance with sales up 14.1% to £174.2m (2011: £152.7m). Average retail square footage rose by 6.6% over the year to 240,815 sq ft (2011: 225,828 sq ft). Total retail square footage at 28 January 2012 was 253,635 sq ft (2011: 229,026 sq ft), an increase of 10.7% on the prior year. Retail sales per square foot rose 5.7% from £648 to £685.

Sales through our e-commerce business increased by 42.2% to £9.1m (2011: £6.4m). During the period we launched a "Click and Collect" service in the UK and were pleased with the response from our customers.

The retail gross margin fell slightly to 65.2% (2011: 65.5%). Input margins have been largely maintained and the slight reduction in the gross margin was as a result of increased promotional activity in the first half of the year and a slight change in mix between full price and outlet sales.

Retail operating costs increased in line with our expectations to £81.2m (2011: £72.6m) and as a percentage of retail sales fell to 46.6% (2011: 47.6%), primarily driven by our more established markets, the UK and the US. This combined with the slight reduction in the retail gross margin resulted in an increase in retail operating contribution of 18.5% (2011: 18.0%).

Wholesale

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

BUSINESS REVIEW *continued*

Group wholesale sales increased by 18.5% to £41.4m (2011: £35.0m) and the gross margin increased to 45.1% (2011: 44.8%). The increase in sales predominantly reflects a good performance from our UK wholesale business and continuing growth in both our wholesale export business and our US wholesale business, which contributed its first full year of trading under our own management.

Licence Income

We operate both territorial and product licences. Our territorial licences cover the Middle East, Asia and Australasia, through which we operate licenced 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 8.1% to £6.7m (2011: £6.2m). We have seen good performances from our collections with product licence partner Debenhams, with whom we have an exclusive childrenswear collection and, B by Ted Baker, an exclusive

lingerie and sleepwear collection, and our licensed footwear partner, Pentland Group. Our licensed stores in the Middle East and Asia performed well during the period.

Collections

Ted Baker Womenswear delivered a strong performance with sales up 20.0% to £107.4m (2011: £89.5m). Womenswear benefited from a greater proportion of the space added during the period and as a result represented 49.8% of total sales (2011: 47.7%).

Ted Baker Menswear performed well with sales increasing by 10.2% to £108.3m (2011: £98.2m). Menswear represented 50.2% of total sales in the period (2011: 52.3%).

GEOGRAPHIC PERFORMANCE

United Kingdom and Europe

Sales in our UK and Europe retail division were up 8.7% to £148.6m (2011: £136.7m). This good performance was delivered despite a subdued start to retail trading at the start of the year and the unseasonably warm weather experienced in the Autumn.

Average retail square footage rose by 2.8% over the period to 193,389 sq ft (2011: 188,035 sq ft). At 28 January 2012 total retail square footage was 201,223 sq ft (2011: 187,043 sq ft) representing an increase of 7.6%. Retail sales per square foot increased by 4.2% from £694 to £723.

During the year we opened a store in Manchester, a second store in Paris, fourteen concessions through a leading department store in Spain and Portugal and a further concession in Dublin and we were pleased with their performances during the period. During the second half of the year we relocated our stores in the Bluewater shopping centre and Bicester Outlet Village to larger units and these have performed well.

As part of an ongoing review of our store portfolio we disposed of our Langley Court and Westbourne Grove, London stores, whilst our store in the South Terminal of Gatwick was closed as a result of redevelopment plans for the terminal building. During the year we took the decision to close our concessions in Italy. At 28 January 2012 we operated 33 stores (2011: 33), 169 concessions (2011: 165) and 10 outlet stores (2011: 10).

Our e-commerce business performed well during the period with a significant increase in sales compared to last year.

Sales from our UK wholesale division increased by 15.6% to £35.5m (2011: £30.7m) reflecting a good performance from our UK wholesale business and continued growth in our wholesale export business.

US

Sales from our US retail division increased by 69.4% to \$34.9m (2011: \$20.6m) which, in sterling, resulted in a 62.7% increase to £21.8m (2011: £13.4m).

During the year we opened eleven concessions through a leading department store and are very pleased with their performance.

Towards the end of the year we opened a further store in San Diego and an outlet store in Wrentham, near Boston, and are pleased with their performances at this early stage.

Average square footage rose by 24.4% to 42,761 sq ft (2011: 34,368 sq ft) and retail sales per square foot increased 35.1% from \$595 to \$804. This partly reflects an improvement in consumer confidence in this market and partly due to higher sales densities in the concessions opened during the year. As at 28 January 2012 we had 14 stores (2011: 13), 11 concessions (2011: nil) and 3 outlet stores (2011: 2).

Sales from our US wholesale business increased by 45.5% to \$9.6m (2011: \$6.6m) reflecting the first full year of trading and an improved performance under our own management.

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 28 January 2012 we operated a total of 26 stores (2011: 23 stores) across these territories.

Our licensed stores across the Middle East performed particularly well during the period and as a result our partners are seeking further opportunities to expand in the region. As at 28 January 2012 we operated 7 stores across the Middle East (2011: 7 stores).

During the year we opened a further store in Hong Kong and, with our licence partner in the territory, a concession in Singapore. As at 28 January 2012 we operated 15 stores across Asia (2011: 13 stores).

In August, we opened our first store in Auckland, New Zealand through a joint venture with our licence partner in that territory, Flair Industries Pty Ltd, and we are pleased with its performance. As at 28 January 2012 we operated 4 stores in Australasia (2011: 3 stores).

FINANCIAL REVIEW

Revenue and Gross Margin

Group revenue increased by 14.9% to £215.6m (2011: £187.7m), driven by a 14.1% increase in retail sales to £174.2m (2011: £152.7m) and an 18.5% increase in wholesale sales to £41.4m (2011: £35.0m).

The composite gross margin for the Group was 61.3% (2011: 61.7%). Whilst input margins were broadly maintained, this net reduction reflects a higher level of promotional activity in our retail markets in the first half of the year, a change in mix between retail and wholesale sales, with wholesale representing a greater proportion of our sales mix than in the comparative period, and a change in mix between full price and outlet sales.

Operating Expenses Pre-Exceptional Costs

Operating expenses rose by 14.3% to £112.0m (2011: £97.9m). Excluding the employee performance related bonus of £3.1m (2011: £2.4m), operating expenses rose by 14.0%. Distribution costs increased in line with our expectations to £82.4m (2011: £73.7m) and as a percentage of sales fell to 38.2% (2011: 39.3%), this was primarily driven by our more mature markets, the UK and the US.

Administration expenses increased by 22.2% to £29.6m (2011: £24.3m). Excluding the employee performance related bonus, administrative expenses rose by 21.4%, reflecting growth in the US team to support the growth in our retail and wholesale businesses, growth in other central functions and the continued development of our distribution and information technology infrastructures to support our expansion into international markets.

The Group has a net impairment credit of £0.4m (2011: nil). This was the result of the write-back of a previous impairment loss in relation to the carrying value of retail assets in Eire (£0.8m), offset by impairment losses in respect of the carrying value of other retail assets (£0.4m).

Exceptional costs

The exceptional costs, which include both distribution costs and administration expenses, incurred during the year of £2.8m (2011: nil) are in respect of rent for stores that will not commence trading until 2012, set up costs in relation to our expansion into China and a provision for bad and doubtful debts in respect of our exposure in Greece.

Profit Before Tax

Profit before tax and exceptional costs increased 11.7% to £27.1m (2011: £24.2m) and profit before tax increased by 0.1% to £24.3m (2011: £24.2m). This result was after the payment of an employee performance related bonus of £3.1m (2011: £2.4m), Bonus payments in both years were the result of exceeding internal targets in the financial year.

Finance Income and Expenses

Net interest payable during the year was £201,000 (2011: £30,000). This increase reflects higher Group borrowing compared to the prior year.

The foreign exchange gain during the year of £38,000 (2011: loss of £48,000) was due to the retranslation of monetary assets and liabilities denominated in foreign currencies.

Taxation

The Group tax charge for the year was £6.7m (2011: £6.9m), an effective tax rate of 27.6% (2011: 28.7%). This reduction reflects the fall in the UK corporation tax rate from 1 April 2011. The Budget on 23 March 2011 announced that the UK corporation tax rate will fall from 28.0% to 23.0% over a four year period. We expect to see a future reduction in our effective tax rate in line with these changes although the rate will be impacted where future profits arise in overseas jurisdictions with higher tax rates than the UK.

Cash Flow

Net cash generated from operating activities was £11.5m (2011: £18.1m). The decrease on the prior year is principally due to an increase in working capital.

Total working capital as per the Group balance sheet, which comprises inventories, trade and other receivables and trade and other payables increased by £12.3m to £47.2m (2011: £34.9m). The increase in inventories was in respect of the anticipated growth of the business and a continued recent trend in respect of our Spring / Summer collections being receipted into the business earlier. This, combined with the timing of the Chinese New Year, which fell before the end of the Group's financial year, resulted in earlier payment for inventory than the prior year.

Capital expenditure of £15.0m (2011: £10.0m) 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 £3.7m (2011: £1.0m) of expenditure which relates to stores that are due to open in 2012.

Proceeds from the sale of property, plant and equipment of £0.5m (2011: nil) relates to payments received on the disposal of our Langley Court and Westbourne Grove, London stores.

Shareholder Return

Basic earnings per share increased by 1.7% to 42.2p (2011: 41.5p). Adjusted earnings per share, which exclude exceptional costs of £2.8m, increased by 17.8% to 48.9p (2011: 41.5p).

The proposed final dividend of 16.25p per share will make a total for the year of 23.4p per share (2011: 20.6p per share), an increase of 13.6% on the previous year.

Free cash flow per share, which is calculated using the net cash generated from operating activities, was 26.7p (2011: 41.8p), this reduction was due to the increase 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 hedged naturally as the business operates internationally and income is generated in the local currencies.

At the balance sheet date, the Group had hedged its projected commitments in respect of the year ending January 2013.

Borrowing Facilities

The Group has a three year committed borrowing facility of £40.0m (2011: £20.0m), which is due to expire on 1 March 2015. The facility is a multi-currency revolving credit facility with The Royal Bank of Scotland and Barclays. The facility will be used to the extent necessary to fund capital expenditure to support the Group's growth strategy.

The facilities contain financial covenants which are believed to be appropriate in the current economic climate and tested on a quarterly basis. The Group monitors actual and prospective compliance with these on a regular basis.

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 AND UNCERTAINTIES

The Board recognises there are a number of risks and uncertainties that face the Group. The Board, with the help of 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:

	<i>Issue</i>	<i>Potential impact</i>	<i>Mitigation</i>
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

	<i>Issue</i>	<i>Potential impact</i>	<i>Mitigation</i>
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 of key individuals. The loss of a key individual whether at management level or within a specialist skill set could have a detrimental effect 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 strengthen 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 of the Group	The Group's policies for dealing with these risks are discussed in detail in note 22 on pages 70-77

Cut a fine figure

Ted's always prided himself on tailoring everything he does to meet the specific needs of his beloved customer, wherever they are in the world.

He may have taken several leaps of faith along the way, but Ted's always trusted his wit and instincts and landed on his feet, wherever he goes...

Today, Ted Baker – renowned for its quality, wit and unswerving attention to detail – has become a truly global brand.

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CORPORATE GOVERNANCE STATEMENTS

Statement of compliance with the Code

The Board considers that the Company has complied throughout the year with all of the provisions of the UK Corporate Governance Code (the "Code").

Statement about applying the Main Principles of the Code

The Company has applied the Main Principles set out in the Code. 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 28 to 33.

The Board

The Board currently comprises a non-executive chairman, a chief executive, one other executive director and three independent non-executive directors. Biographies of these directors appear on page 27. The Board comprises an appropriate balance of skills, experience, independence and knowledge, which enables it to discharge its responsibilities effectively.

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, notwithstanding the length of Mr Bernstein's tenure, the Board considers that he continues to be independent in character and judgment. Mr Stewart and Mrs Sheinfield, also 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.

The Company maintains an appropriate level of director and officer liability insurance cover in place and, through the Articles of Association and director's terms of appointment, has agreed to indemnify the Directors against certain liabilities to third parties and costs and expenses incurred as a result of holding office as a Director. Save for such indemnity provisions in the Company's Articles of Association and in the Directors' terms of appointment, there are no qualifying third party indemnity provisions in force.

Board and committee attendance

The table below details the number of Board and committee meetings held during the 52 weeks ended 28 January 2012 and the attendance record of each director.

	<i>Board meetings</i>	<i>Audit committee</i>	<i>Remuneration committee</i>	<i>Nomination committee</i>
Number of meetings held	10	4	2	-
Robert Breare	10	4	2	-
David A Bernstein	10	4	2	-
Ronald Stewart	10	4	2	-
Anne Sheinfield	9	-	-	-
Raymond S Kelvin	9	-	-	-
Lindsay D Page	10	-	-	-

CORPORATE GOVERNANCE STATEMENTS *continued*

Audit Committee

During the year, Ronald Stewart was chairman of the Audit Committee (the "Committee"). The other committee members were Robert Breare and David Bernstein. In compliance with provision C.3.1. of the Code, as applicable to the Company, the Chairman, Robert Breare, who was considered independent on appointment, is a member of, but does not chair, the Committee.

The Committee considered its composition during the year and is satisfied that it continues to be independent and its members have a range of skills, knowledge and experience. The Board considers all members to have recent and relevant financial experience.

During the year the Committee undertook a formal evaluation of its own performance. Committee members were asked to independently complete a checklist designed to evaluate the Committee's performance and highlight areas of improvement in line with best practice. Results from this evaluation were compiled by the Company Secretary and a report outlining the findings will be presented to the Committee for consideration in the coming year.

All Committee members are non-executive directors and meet at least twice a year to review and recommend the interim and annual financial statements, before submission for approval by the Board and consider any matters raised by the auditors. The Committee considers all 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 Committee oversees the Company's relationship with the external auditors and makes recommendations to the Board in relation to their appointment, re-appointment and removal and approves their remuneration and terms of engagement. The Board and Committee also review the independence of the external auditors and consider the engagement of the external auditors to supply non-audit services.

The 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 and non-audit fees are disclosed in note 3 to the Financial Statements.

The Committee recognises that the independence of the auditors is an essential part of the audit framework and the assurance that it provides. The Committee monitors any non-audit work that is undertaken by the external auditors to ensure that their objectivity and independence is not compromised.

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.

During the year, the Committee considered the effectiveness of the external audit process. The appointment of KPMG was made in 2000 and, given the length of their tenure and the significant geographical and financial expansion of the Group, the Committee concluded that, as a matter of corporate governance best practice, it was appropriate to review the effectiveness of the external audit process by inviting each of KPMG LLP, PricewaterhouseCoopers LLP, Ernst & Young LLP, Deloitte LLP and BDO LLP to tender for the appointment as the Group's external auditors.

The Committee, supported by senior management, are conducting a rigorous tender process focusing on quality, resources, independence and value. The tendering firms have been invited to put forward a proposal to the Committee, with presentations to be made by the personnel whom each firm proposes to conduct the external audit.

Nomination Committee

The Nomination Committee (the "Committee") is chaired by Robert Breare and its other members are David Bernstein and Ronald Stewart, both are independent non-executive Directors and served throughout the course of the year. The Chairman was considered independent on appointment and, in the opinion of the other non-executive directors, continues to demonstrate independence of character and judgment.

The Committee is responsible for nominating candidates for appointment to the Board. The Board has been satisfied that the size and composition of the Board has been appropriate throughout the year and it has been unnecessary for the Committee to meet during the year.

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. However, the UK Corporate Governance Code, introduced in June 2010, provides that all directors of FTSE 350 companies should retire and stand for re-election annually. The Company is committed to maintaining high standards of corporate governance and accordingly, the Board has decided that all directors shall retire and stand for re-election annually.

Diversity

Further to the publication of Lord Davies' report entitled "Women on Boards", we strongly support the principle of boardroom diversity, of which gender is one element.

Boardroom diversity, including gender, is an important consideration when assessing a candidate's ability to contribute to, and complement the abilities of, a balanced Board. Anne Sheinfield has been on the Board since June 2010 and the Board is very pleased to benefit from her valuable contribution.

Our Board appointments will always be made on merit against objective criteria, and this will continue to be the priority rather than aiming to achieve an externally prescribed diversity target.

As noted in the People report on page 23, the continued expansion of the Company means that Ted Baker's workforce is becoming increasingly more diverse. The Company will

continue to support the development and progression of all employees, with the aim of maintaining and achieving diversity throughout all levels of the organisation.

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.tedbakerplc.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

CORPORATE GOVERNANCE STATEMENTS *continued*

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 controlled 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 Bribery Act

The Bribery Act 2010 came into force in July 2011. The Board welcomes this legislation and continues to proactively review the Group's procedures to ensure they are sufficiently robust to prevent corruption.

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). Our full time Green Guardian manages these areas and the Group's cross-functional team which is responsible for addressing SEE concerns of the Group (the "Green Team").

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.

- 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
- Through our partnership with MADE-BY, a non-profit multi-stakeholder initiative set up to improve sustainability within the fashion industry, our MADE-BY Social Scorecard for 2010 was released during the period and can be found at <http://www.made-by.org/partner-brand/34/ted-baker/scorecard>
- This partnership has enabled us to access MADE-BY's expertise on sustainable fibres and, along with the benchmarking from our Scorecard, we have been able to set long-term internal targets for the amount of sustainable fibres we use in our collections
- During the period we continued a long-term social improvement programme as part of our partnership with MADE-BY. Workshops held by MADE-BY helped us to identify key inventory suppliers to be part of the first

wave of this programme, which involves working closely with these suppliers to improve their social and working practices

Environmental Impacts

The Group is committed to reducing our impact on the environment, reducing our use of resources and increasing efficiencies wherever possible.

- 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
- 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. During the period we successfully trialled a new waste reduction scheme at our London head office. As a result, we sent no waste to landfill from this location
- We work with the National Industrial Symbiosis Programme ("NISP") to recycle as much waste as we can through their network of charities, such as Scrapstores, that can make use of or raise funds from the waste
- Our employees are our greatest asset, and we have Green Team members in every department and store encouraging colleagues to be more environmentally aware. During the period we extended this by inviting our international licence partners to join the team
- We have 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
- We are part of the Sustainable Clothing Action Plan, a co-ordinated action plan led by the Department of Environment Food and Rural Affairs ("Defra"), which

SUSTAINABILITY AND THE ENVIRONMENT *continued*

sets out agreed actions for member organisations from within the clothing and fashion industry and supports these organisations to improve the sustainability of their collections

Community

Our Charity Partner in 2011 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.

During 2011 our London head office became an official 'Oxfam Collects' collection point. This enables our team members to donate any unwanted items to Oxfam during the course of their usual working week. The items are collected from our London head office by Oxfam and sold in their stores to raise money to help fund their projects.

The total amount of donations paid during the year can be found on page 36.

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 Teducation sessions with the chief executive, telling the story behind the brand and also Family Days where we open our doors to family and friends.

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 people to join our Save As You Earn ("SAYE") schemes. This year we celebrated our second year of 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 as well as Ted's environmental and social commitments. We allow our people 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 focussing 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 and equal opportunities. 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 private healthcare, occupational health, health seminars and funding for flu jabs. During the period, we conducted a Wellness health assessment day and we offer health and fitness classes to our team members at our head office. We also have a Cycle to Work Scheme and a Childcare Voucher Scheme. An Employee Assistance Programme will be launched early in the new year 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 focused team member has been appointed and will 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 members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that where appropriate reasonable adjustments are made and relevant 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 employees 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. Employees are regularly informed of the Group's performance and the factors affecting its performance during the year.

Thread Carefully

They say a stitch in time saves nine and Ted, for one, is a firm believer in taking the time to do things properly.

Be it sourcing environmentally sustainable buttons or dreaming up the very finest way to dress his new store on Fifth Avenue, Ted knows that each and every detail is but a thread in the larger tapestry.

After all, it's not easy creating a global brand that's just sew...



VISAS

AS MADE IN SAFFORD WATER BOSTON USA

FASHION'S BEST KEPT SECRET

EMBASSY of the CITY OF TED BAKER LONDON

Valid for entering the USA from coast to coast

Number of stores: **14 (+3 Outlets)**

Valid for: **EVER (Ted never goes out of style)**

First issued in the US: **1996 (first standalone store opened in NYC in 98)**

NB. Ted is in Boston, Chicago, NY Meatpacking District, Miami, Dallas, Orange County, Scottsdale, LA, San Diego, San Francisco, Las Vegas, San Jose, Santa Monica and always online at tedbaker-london.com

BOARD OF DIRECTORS

Robert Breare

Non-Executive Chairman (59)

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 chief executive officer of Snoozebox Ltd, a luxury portable events hotel operating both in the UK and internationally. 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 (56) ('Closest Man To Ted')

Ray, the founder of Ted Baker, has worked in the fashion industry for over 38 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 (53)

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 (68)

David is chairman of The Football Association and non-executive director of Wembley National Stadium Limited. Previously he was joint managing director of Pentland Group Plc, chairman of Manchester City plc, Blacks Leisure plc and French Connection 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 (64)

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 (46)

Anne was appointed as a non-executive director on 15 June 2010. Anne is a commercial lawyer with 21 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 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. David Bernstein and Ronald Stewart are independent non-executive Directors as noted in the corporate governance statements. In line with provision D.2.1. of the Code Robert Breare, as non-executive Chairman, may be a member of but not chair the Committee, as he was considered to be independent on appointment. The Committee met twice 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.

During the period the Committee considered and approved the terms, including the option exercise price, of the 2011 Sharesave Scheme and considered Board and Executive Committee training and development plans. The Committee also considered the salary increases for the executive directors and senior executives having regard to salary levels across the overall Group and the findings of the remuneration report produced by Ernst & Young LLP. The salary increases were in line with the recommendations made by Ernst & Young LLP and recognise the significant geographical and financial expansion of the Group.

The Remuneration Committee has completed a review of the existing incentive schemes and, with the Ted Baker 2009

Value Creation Plan vesting in August 2012, intends to adopt a new arrangement. The Committee will seek the relevant shareholder approval once details of an appropriate long term incentive plan have been finalised.

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.

Remuneration Package

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

This 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 percent

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 32.

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 provisions of Long Term Incentive Schemes cannot be altered to the benefit or advantage of participants without prior shareholder approval in a General Meeting.

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 with the aim of delivering the benefits under the 2009 awards in a more tax efficient manner. 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.

DIRECTORS' REMUNERATION REPORT *continued*

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 held options under this scheme, all of which have now lapsed.

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, all of which have now lapsed.

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

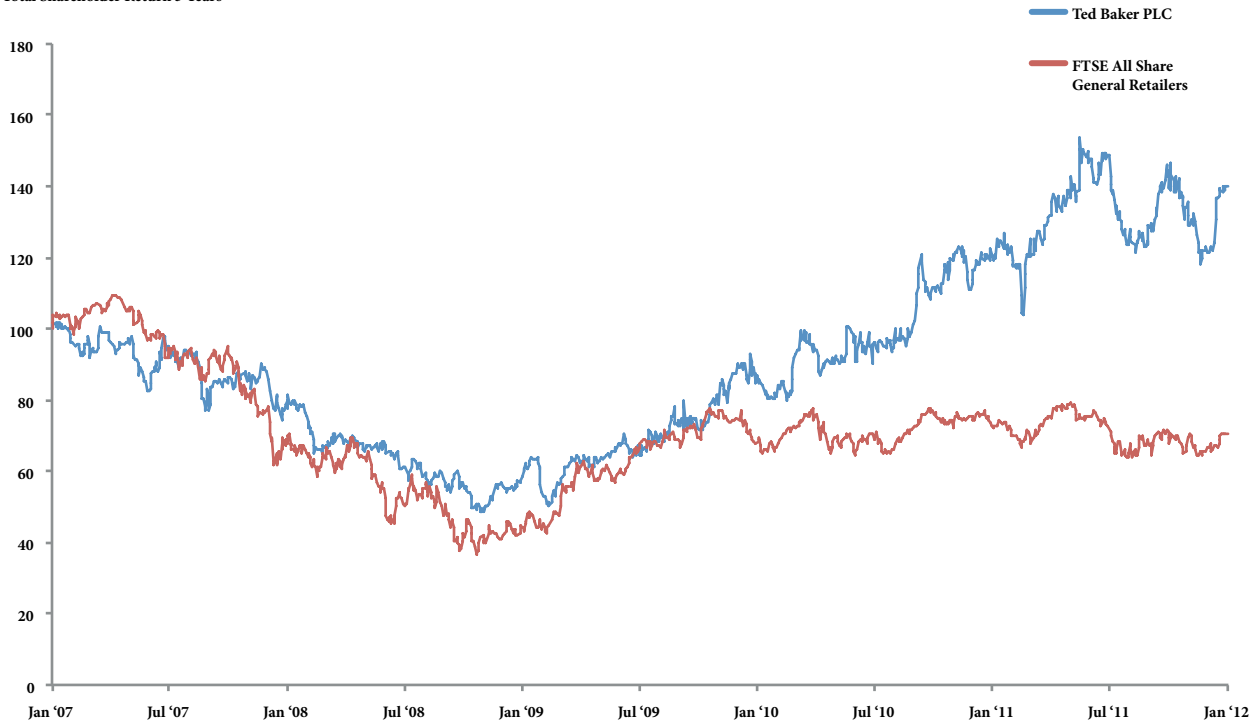
Each executive director has a service contract with a notice period of 12 months. Service contracts and letters of appointment are available for inspection at the registered office. The Board sets non-executive directors' fees.

	<i>Date of service contract</i>	<i>Unexpired term</i>	<i>Notice period</i>	<i>Provision for compensation</i>
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 2007 to January 2012.

Total Shareholder Return 5 Years



Source: Bloomberg

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

	<i>52 weeks ended 28 January 2012</i>	<i>52 weeks ended 29 January 2011</i>
	£'000	£'000
Emoluments	1,269	1,145
Money purchase pension contributions	40	35
	1,309	1,180

DIRECTORS' REMUNERATION REPORT *continued*

Directors' Emoluments

	<i>Fees / basic salary</i>	<i>Benefits</i>	<i>Performance related bonus</i>	<i>52 weeks ended 28 January 2012</i>	<i>52 weeks ended 29 January 2011</i>
	£'000	£'000	£'000	£'000	£'000
Executive					
R S Kelvin	338	6	225	569	527
L D Page	322	2	206	530	487
Non-executive					
R Breare	50	-	-	50	43
D A Bernstein	40	-	-	40	33
R Stewart	40	-	-	40	33
A Sheinfeld	40	-	-	40	22
	830	8	431	1,269	1,145

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 29.

	<i>Average share price at award date</i>	<i>No. of units awarded</i>	<i>Share price at first vesting date</i>	<i>No. of shares vested</i>
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)	-	-

Share Options

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

	<i>29 January 2011</i>	<i>Options (exercised / lapsed) or granted</i>	<i>28 January 2012</i>	<i>Option price p</i>	<i>Earliest date of exercise</i>	<i>Expiry Date</i>
	<i>No. of shares</i>	<i>No. of shares</i>	<i>No. of shares</i>			
R S Kelvin	8,453	(8,453)	-	354.9	28 October 2011	27 October 2018
L D Page	8,499	(8,499)	-	353.0	22 October 2011	21 October 2018

The exercise of options was subject to the growth in the Company's earnings per share over a three year period, details of which can be found on pages 30 and 31. 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:

	29 January 2011 No. of shares	Options (exercised or granted) No. of shares	28 January 2012 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 July 2015

Directors' Pensions

	52 weeks ended 28 January 2012 £'000	52 weeks ended 29 January 2011 £'000
L D Page	40	35

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 28 January 2012. The comparative period is for the 52 weeks ended 29 January 2011.

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, Portugal 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 9.

The contents of this Directors' Report together with:

- the Chairman's Statement on pages 5 and 6;
- the Business Review on pages 7 to 9;
- the Principal Risks and Uncertainties on pages 12 and 13;
- the Sustainability and the Environment report on page 21 and 22; and
- the People report on page 23

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

Results and Dividends

The audited accounts for the 52 weeks ended 28 January 2012 are set out on pages 30 to 67. The Group profit for the 52 weeks, after taxation, was £17,557,000 (2011: £17,280,000). The directors recommend a final dividend of 16.25p per ordinary share (2011: 14.3p) payable on 15 June 2012 to ordinary shareholders on the register on 11 May 2012 which, together with the interim dividend of 7.15p per share (2011: 6.3p per share) paid on 25 November 2011, makes a total of 23.4p per share for the period (2011: 20.6p per share).

Directors

The directors during the financial year were those listed on page 27. Details of the directors' beneficial interests in the shares of the Company are shown on page 35. Details of their options are given in the Directors' Remuneration Report on pages 32 and 33. Brief details of the career of each director are set out on page 27.

Substantial Shareholdings

On 21 March 2012, 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.

Name of Holder	Number	% Held
R S Kelvin	16,537,276	39.7
Fidelity Investments	4,349,069	10.4
Schroder Investment Management	3,404,777	8.2
Scottish Windows	3,200,635	7.7

On 30 March 2012 the Company was notified of a change in interest of R S Kelvin in the ordinary share capital of the Company. R S Kelvin now holds 16,537,899 ordinary shares in the Company, representing 39.7% of the Company's issued ordinary share capital with voting rights. On 11 April 2012 the Company was notified of a change in interest of Legal & General Group Plc ("L&G"). L&G now holds 1,663,588 ordinary shares in the Company, representing 3.99% of the Company's issued ordinary share capital with voting rights. During the period between 28 January 2012 and 8 May 2012, being the latest date prior to the posting of the annual report and accounts, there were no further disclosures made to the Company pursuant to DTR 5.

Share Capital and Control

As at 28 January 2012, 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 67. On 28 January 2012 there were 43,198,033 ordinary shares in issue of which the Company holds 1,557,111 ordinary shares in treasury. The rights and obligations attaching to the Company's shares, in addition to those conferred on their holders by law, are set out in the Articles of Association. The holders of ordinary shares are entitled to receive all shareholder documents, attend and speak at general meetings of the Company, exercise all voting rights and to receive dividends and participate in other distributions of assets. 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 Company is not aware of any agreements between shareholders restricting the voting rights or the right to transfer shares in the Company.

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

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 28 January 2012 had interests in the shares of Ted Baker PLC as shown in the table below.

	% of share capital	28 January 2012 Beneficial	29 January 2011 Beneficial
R S Kelvin	39.7	16,537,276	16,537,276
L D Page	-	43,851	293,851
R Stewart	-	300	300

On 30 March 2012 the Company was notified of a change in interest of R S Kelvin in the ordinary share capital of the Company. R S Kelvin now holds 16,537,899 ordinary shares in the Company, representing 39.7% of the Company's issued ordinary share capital with voting rights. During the period between 28 January 2012 and 8 May 2012, being the latest date prior to the posting of the annual report and accounts, there were no further 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 40 days (2011: 52 days). At the year end the Company had no trade creditors.

OTHER DISCLOSURES *continued*

Donations

The value of charitable donations made during the period was £33,293 (2011: £27,368).

Social Responsibility

Details of the Group's social, ethical and environmental responsibility initiatives are set out in the Sustainability and the Environment statement on pages 21 and 22.

People

Details of the Group's policies with respect to people and employees are set out in the People statement on page 23.

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 70 to 77.

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 appoint the selected audit firm (as a result of the tender process discussed in greater detail on page 18 of this document) as auditors for the ensuing year.

The report was approved by the Board of Directors on 21 March 2012 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.

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

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

Responsibility statement of the directors in respect of the Annual Report

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

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

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

On behalf of the Board

R S Kelvin
Chief Executive
21 March 2012

L D Page
Finance Director
21 March 2012

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 28 January 2012 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 37, 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 28 January 2012 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.

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 35, in relation to going concern;
- the part of the Corporate Governance Statement on pages 17 to 20 relating to the company's compliance with the provisions of the UK Corporate Governance 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

21 March 2012

Fashion to a Tea

If there's one thing Ted takes extremely seriously, it's the importance of the perfect fit.

Much like the ideal cup of tea, the perfect fit is a highly personal commodity and one that Ted has studied at length. But with a mixture of carefully selected ingredients, exacting standards and a dash of charm (always raise that little finger while sipping), he has become a dab hand at delivering exquisite results.

Ted Baker: brewed to perfection.



VISAS



GROUP AND COMPANY PRIMARY FINANCIAL STATEMENTS

Group Income Statement

For the 52 weeks ended 28 January 2012

	Note	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
		£'000	£'000
Revenue	2	215,625	187,700
Cost of sales		(83,419)	(71,923)
Gross profit		132,206	115,777
Distribution costs		(82,358)	(73,690)
Administrative expenses		(29,640)	(24,259)
Exceptional costs		(2,814)	-
Licence income		6,733	6,227
Other operating income		142	77
Operating profit		24,269	24,132
Finance income	4	45	42
Finance expenses	4	(208)	(120)
Share of profit of jointly controlled entity, net of tax	12	149	174
Profit before tax	3,6	24,255	24,228
Income tax expense	6	(6,698)	(6,948)
Profit for the period		17,557	17,280
Earnings per share	9		
Basic		42.2p	41.5p
Diluted		40.6p	41.4p

GROUP AND COMPANY PRIMARY FINANCIAL STATEMENTS *continued*

Group Statement of Comprehensive Income

For the 52 weeks ended 28 January 2012

	<i>52 weeks ended 28 January 2012</i>	<i>52 weeks ended 29 January 2011</i>
	£'000	£'000
Profit for the period	17,557	17,280
Other comprehensive income		
Net effective portion of changes in fair value of cash flow hedges	(190)	143
Net change in fair value of cash flow hedges transferred to profit or loss	26	(279)
Exchange rate movement	(92)	112
Other comprehensive income for the period	(256)	(24)
Total comprehensive income for the period	17,301	17,256
Total comprehensive income attributable to:		
- Equity shareholders of the parent company	17,301	17,256
- Non-controlling interest	-	-
Total comprehensive income for the period	17,301	17,256

Group Statement of Changes in Equity

For the 52 weeks ended 28 January 2012

	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 29 January 2011	2,160	9,137	(148)	236	64,639	76,024	-	76,024
Comprehensive income for the period								
Profit for the period	-	-	-	-	17,557	17,557	-	17,557
Deferred tax associated with movement in hedging reserve	-	-	50	-	-	50	-	50
Effective portion of changes in fair value of cash flow hedges	-	-	(240)	-	-	(240)	-	(240)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	26	-	-	26	-	26
Exchange rate movement	-	-	-	(92)	-	(92)	-	(92)
Total comprehensive income for the period	-	-	(164)	(92)	17,557	17,301	-	17,301
Transactions with owners recorded directly in equity								
Share options / awards charge	-	-	-	-	446	446	-	446
Movement on current / deferred tax on share options / awards	-	-	-	-	275	275	-	275
Disposal of own / treasury shares	-	-	-	-	69	69	-	69
Dividends paid	-	-	-	-	(8,930)	(8,930)	-	(8,930)
Total transactions with owners	-	-	-	-	(8,140)	(8,140)	-	(8,140)
Balance at 28 January 2012	2,160	9,137	(312)	144	74,056	85,185	-	85,185

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

GROUP AND COMPANY PRIMARY FINANCIAL STATEMENTS *continued*

Company Statement of Changes in Equity

For the 52 weeks ended 28 January 2012

	<i>Share capital</i>	<i>Share premium</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total Equity</i>
	£'000	£'000	£'000	£'000	£'000
Balance at 29 January 2011	2,160	9,137	14,962	15,954	42,213
Profit for the period	-	-	-	14,123	14,123
Transactions with owners recorded directly in equity					
Share options / awards charge	-	-	-	69	69
Share options / awards granted to subsidiary employees	-	-	377	-	377
Disposal of own shares	-	-	-	69	69
Dividends paid	-	-	-	(8,930)	(8,930)
Total transactions with owners	-	-	377	(8,792)	(8,415)
Balance at 28 January 2012	2,160	9,137	15,339	21,285	47,921

For the 52 weeks ended 29 January 2011

	<i>Share capital</i>	<i>Share premium</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total Equity</i>
	£'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

Group and Company Balance Sheet

At 28 January 2012

Note	Group 28 January 2012	Company 28 January 2012	Group 29 January 2011	Company 29 January 2011
	£'000	£'000	£'000	£'000
Non-current assets				
Intangible assets	10	968	-	-
Property, plant and equipment	11	35,680	-	-
Investments in subsidiary	12	-	17,428	-
Investment in equity accounted investee	12	494	-	-
Deferred tax assets	13	3,418	-	-
Prepayments		695	-	-
		41,255	17,428	32,957
Current assets				
Inventories	14	51,872	-	-
Trade and other receivables	15	30,587	30,053	24,712
Amount due from equity accounted investee	12	407	-	-
Derivative financial assets	16	411	-	-
Cash and cash equivalents	17	8,560	444	464
		91,837	30,497	83,800
Current liabilities				
Trade and other payables	18	(35,281)	(4)	(14)
Bank overdraft	17	(6,790)	-	-
Income tax payable		(3,353)	-	-
Derivative financial liabilities	16	(1,063)	-	-
		(46,487)	(4)	(39,186)
Non-current liabilities				
Deferred tax liabilities	13	(1,420)	-	-
		(1,420)	-	(1,547)
Net assets		85,185	47,921	76,024
Equity				
Share capital	19	2,160	2,160	2,160
Share premium	19	9,137	9,137	9,137
Other reserves	19	(312)	15,339	14,962
Translation reserve	19	144	-	-
Retained earnings	19	74,056	21,285	15,954
Total equity attributable to equity shareholders of the parent company		85,185	47,921	76,024
Non-controlling interest		-	-	-
Total equity		85,185	47,921	76,024

These financial statements were approved by the Board of Directors on 21 March 2012 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 28 January 2012

	Group 52 weeks ended 28 January 2012	Company 52 weeks ended 28 January 2012	Group 52 weeks ended 29 January 2011	Company 52 weeks ended 29 January 2011
	£'000	£'000	£'000	£'000
Cash generated from operations				
Profit for the period	17,557	14,123	17,280	8,060
Adjusted for:				
Income tax expense	6,698	-	6,948	-
Depreciation	7,656	-	6,470	-
Net impairment credit	(352)	-	-	-
Loss on disposal of property, plant & equipment	30	-	225	-
Share options / awards charge	446	69	426	69
Net finance losses / (gains)	201	(4)	30	(5)
Net change in derivative financial assets and liabilities	85	-	138	-
Share of profit in joint venture	(149)	-	(174)	-
Decrease in non-current prepayments	62	-	61	-
Increase in inventory	(9,302)	-	(9,026)	-
Increase in trade and other receivables	(3,720)	(5,341)	(7,511)	(600)
Increase / (decrease) in trade and other payables	242	(10)	10,140	2
Interest paid	(192)	-	(83)	-
Income taxes paid	(7,738)	-	(6,859)	-
Net cash generated from operating activities	11,524	8,837	18,065	7,526
Cash flow from investing activities				
Purchases of property, plant & equipment	(14,993)	-	(10,036)	-
Purchase of non-controlling entity	-	-	(630)	-
Proceeds from sale of property, plant & equipment	451	-	32	-
Interest received	8	4	38	5
Net cash from investing activities	(14,534)	4	(10,596)	5
Cash flow financing activities				
Proceeds from option holders for exercise of options	69	69	19	19
Dividends paid	(8,930)	(8,930)	(7,575)	(7,575)
Net cash from financing activities	(8,861)	(8,861)	(7,556)	(7,556)
Net decrease in cash and cash equivalents	(11,871)	(20)	(87)	(25)
Cash and cash equivalents at 29 January 2011 / 30 January 2010	13,536	464	13,698	489
Exchange rate movement	105	-	(75)	-
Net cash and cash equivalents at 28 January 2012 / 29 January 2011	1,770	444	13,536	464
Cash and cash equivalents at 28 January 2012 / 29 January 2011	8,560	444	13,536	464
Bank overdraft at 28 January 2012 / 29 January 2011	(6,790)	-	-	-
Net cash and cash equivalents at 28 January 2012 / 29 January 2011	1,770	444	13,536	464

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 Chairman's Statement on pages 5 and 6. 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

There were no revisions to Adopted IFRSs that became applicable in the period which had a significant impact on the Group's financial statements.

Revisions to IFRS not applicable in 2011

Standards and interpretations issued by the IASB are only applicable if endorsed by the EU. The following may be applicable in the future:

- IFRS 9, Financial Instruments, will simplify the classification of financial assets for measurement purposes, but is not anticipated to have a significant impact on the financial statements. If endorsed, this will be effective for 2015;
- Amendments to IAS 19, Employee Benefits, will require the financing on post-retirement benefits to be calculated on the net surplus or deficit using an 'AA' corporate bond rate. This is not going to impact the Group as there is currently no defined benefit obligation. This will be effective for 2013;

NOTES TO THE FINANCIAL STATEMENTS *continued*

- IFRS 11, Joint Arrangements, may result in certain entities currently classified as joint ventures being classified as joint operations. This would result in the Group's share of the individual assets and liabilities of these entities being included in the financial statements rather than the equity method accounting adopted under the requirements of IAS 31, Interests in Joint Ventures. This will not affect the Group's net assets or profit for the period. This will be effective for 2013.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a 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 28 January 2012. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

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

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the venturers' unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

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

c) Foreign currency

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

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

d) Revenue recognition

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

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

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

e) Leases

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

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

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

f) Pension costs

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

g) Share based payments

The Group operates an equity settled share based compensation plan.

Share options and 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 fulfilling 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

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

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

h) Derivatives

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

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in 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 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 use 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

o) Inventories

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

p) Cash and cash equivalents

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

q) Interest-bearing borrowings

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

r) Finance income and expenses

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

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

s) Segment reporting

A segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board to make decisions about resources to be allocated to 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 judgments

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

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

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

w) Non-GAAP performance measures

The directors believe that the profit before exceptional items and adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally.

The exceptional profit before tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

Exceptional items in the current year include:

- Significant pre opening costs (including rental and others) for new store openings
- One-off bad debt provision which is considered unusual and has materially impacted the results

2. Segment information

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

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

The accounting policies of the reportable segments are the same as described in note (s) on page 54. 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

a) Segment revenue and segment result

<i>52 weeks ended 28 January 2012</i>	<i>Retail</i>	<i>Wholesale</i>	<i>Licence income</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
Revenue	174,185	41,440	-	215,625
Cost of sales	(60,667)	(22,752)	-	(83,419)
Gross profit	113,518	18,688	-	132,206
Operating costs	(81,207)	-	-	(81,207)
Operating contribution	32,311	18,688	-	50,999
Licence income	-	-	6,733	6,733
Segment result	32,311	18,688	6,733	57,732
Reconciliation of segment result to profit before tax				
Segment result	32,311	18,688	6,733	57,732
Other operating costs				(30,791)
Exceptional costs				(2,814)
Other operating income				142
Operating profit				24,269
Net finance expense				(163)
Share of profit of jointly controlled entity, net of tax				149
Profit before tax				24,255
Capital expenditure	12,178	159	-	12,337
Unallocated capital expenditure				2,752
Total capital expenditure				15,089
Depreciation	5,460	157	-	5,617
Unallocated depreciation				2,039
Total depreciation				7,656
Segment assets	100,512	23,691	-	124,203
Other assets				8,889
Total assets				133,092
Segment liabilities	(33,986)	(8,085)	-	(42,071)
Other liabilities				(5,836)
Total liabilities				(47,907)
Net assets				85,185

Wholesale sales are shown after the elimination of inter-company sales of £20,348,000 (2011: £14,596,000).

<i>52 weeks ended 29 January 2011</i>	<i>Retail</i>	<i>Wholesale</i>	<i>Licence income</i>	<i>Total</i>
	£'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

NOTES TO THE FINANCIAL STATEMENTS *continued*

b) Geographical information

	<i>UK & Europe</i>	<i>US</i>	<i>HK</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
52 weeks ended 28 January 2012				
Revenue	184,094	27,787	3,744	215,625
Non-current assets*	25,474	9,210	3,153	37,837
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

*Non-current assets exclude deferred tax assets.

c) Revenue by collection

	<i>52 weeks ended 28 January 2012</i>	<i>52 weeks ended 29 January 2011</i>
	£'000	£'000
Menswear	108,252	98,229
Womenswear	107,373	89,471
	215,625	187,700

3. Profit before tax

	<i>52 weeks ended 28 January 2012</i>	<i>52 weeks ended 29 January 2011</i>
	£'000	£'000
<i>Profit before tax is stated after charging:</i>		
Depreciation	7,656	6,470
Exceptional costs	2,814	-
Net impairment reversal of property, plant and equipment	(352)	-
Operating lease rentals for leasehold properties	18,915	15,865
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, pursuant to legislation	20	20
Other services provided by the Company's auditor	20	20
Loss on sale of property, plant & equipment	30	225

The exceptional costs incurred during the year of £2.8m (2011: nil) are in respect of rent paid in advance for stores that will not commence trading until 2012, set up costs in relation to our expansion into China and provision for bad and doubtful debts in respect of our exposure in Greece.

4. Finance income and expenses

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Finance income		
- Interest receivable	7	35
- Foreign exchange gains	38	7
	45	42
Finance expenses		
- Interest payable	(208)	(65)
- Foreign exchange losses	-	(55)
	(208)	(120)

5. Staff numbers and costs

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

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	No.	No.
Sales	1,706	1,472
Design	37	34
Administration	236	194
	1,979	1,700
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	34,782	32,007
Share based charge	446	426
Social security costs	3,252	2,880
Pension costs	549	515
	39,029	35,828

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 32.

6. Income tax expense

a) The tax charge comprises

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Current tax	7,155	7,461
Deferred tax	(692)	(633)
Prior year under provision	235	120
	6,698	6,948

NOTES TO THE FINANCIAL STATEMENTS *continued*

b) Deferred tax movement by type

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Property, plant & equipment	(380)	(412)
Share based payments	(151)	(159)
Overseas losses	(192)	(41)
Inventory	(35)	(12)
Other	66	(9)
	(692)	(633)

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 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Profit before tax	24,255	24,228
Profit multiplied by the standard rate in the UK – 26.32%, (2011: standard rate in the UK of 28%)	6,384	6,784
Expenses not deductible for tax purposes	55	191
Overseas losses not previously recognised	408	133
Movement in current and deferred tax on share awards and options	(61)	(46)
Prior year under provision	235	120
Effect of rate change on corporation tax	(131)	(66)
Difference due to overseas tax rates	(192)	(168)
Total income tax expense	6,698	6,948

d) Deferred and current tax recognised directly in equity

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Deferred tax credit on share awards and options	(275)	(298)
Deferred tax associated with movement in hedging reserve	(50)	(55)
	(325)	(353)

There was a reduction in the UK corporation tax rate from 28% to 26% with effect from 1 April 2011. There are further proposed reductions of 1% per annum for the next 3 years such that the headline rate will decrease to 23% by 1 April 2014.

As the deferred tax assets and liabilities should be recognised based on the corporation tax rate substantively enacted at the balance sheet date, the assets and liabilities have been recognised at a rate of 25%.

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 to UK operations by a further £114,000.

7. Profit attributable to Ted Baker PLC

The profit after tax for the 52 weeks ended 28 January 2012 of Ted Baker PLC, the parent company was £14,123,000 (2011: £8,060,000). The directors have approved the income statement for the parent company.

8. Dividends per share

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Final dividend paid for prior year of 14.3p per ordinary share (2011: 0.5p)	5,953	208
Second interim dividend paid for prior year of £Nil per ordinary share (2011: 11.4p)	-	4,745
Interim dividend paid of 7.15p per ordinary share (2011: 6.3p)	2,977	2,622
	8,930	7,575

A final dividend in respect of 2012 of 16.25p per share, amounting to a dividend payable of £6,766,650, is to be proposed at the Annual General Meeting on 12 June 2012.

9. Earnings per share

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	No.	No.
Number of shares:		
Weighted number of ordinary shares outstanding	41,637,410	41,622,472
Effect of dilutive options	1,571,313	163,956
Weighted number of ordinary shares outstanding – diluted	43,208,723	41,786,428
Earnings:	£'000	£'000
Profit for the period basic and diluted	17,557	17,280
Profit for the period adjusted *	20,371	17,280
Basic earnings per share	42.2p	41.5p
Adjusted earnings per share *	48.9p	41.5p
Diluted earnings per share	40.6p	41.4p

Own shares held by the Ted Baker Group Employee Benefit Trust, the Ted Baker 1998 Employee Benefit Trust and treasury shares have been eliminated from the weighted average number of ordinary shares. The options exercised during the year, and conditional share awards distributed, if they vest, are covered by shares held either in treasury or by these Trusts.

Diluted earnings per share have been calculated using additional ordinary shares of 5p each available under the 1997 Unapproved Share Option Scheme, the 1997 Executive Share Option Scheme, the Ted Baker Performance Share Plan and the Ted Baker 2009 VCP.

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

* Adjusted profit for the period and adjusted earnings per share are shown before the exceptional costs of £2,814,000 (2011: £nil).

NOTES TO THE FINANCIAL STATEMENTS *continued*

10. Intangible assets

<i>Cost and net book value</i>	<i>£'000</i>
At 29 January 2011	997
Exchange rate movement	(29)
At 28 January 2012	968

<i>Cost and net book value</i>	<i>£'000</i>
At 30 January 2010	634
Additions	366
Exchange rate movement	(3)
At 29 January 2011	997

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 included within the intangible assets, continue to be above the rent under the lease terms and hence no decline in values are foreseen.

11. Property, plant and equipment

	<i>Leasehold Improvements</i>	<i>Fixtures, fittings & office equipment</i>	<i>Motor vehicles</i>	<i>Assets under construction</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
Cost					
At 29 January 2011	37,657	34,358	126	1,031	73,172
Additions	7,396	4,992	-	2,701	15,089
Disposals	(841)	(1,989)	-	-	(2,830)
Exchange rate movement	67	(3)	-	(7)	57
At 28 January 2012	44,279	37,358	126	3,725	85,488
Depreciation					
At 29 January 2011	18,615	26,078	111	-	44,804
Charge for the year	3,628	4,023	5	-	7,656
Impairment	(305)	(47)	-	-	(352)
Disposals	(706)	(1,671)	-	-	(2,377)
Exchange rate movement	50	27	-	-	77
At 28 January 2012	21,282	28,410	116	-	49,808
Net book value					
At 29 January 2011	19,042	8,280	15	1,031	28,368
At 28 January 2012	22,997	8,948	10	3,725	35,680

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 £1,031,000 (2011: £506,000) whilst additions into this category were £3,725,000 (2010: £1,031,000).

The net impairment credit of £352,000 relates to the reversal of an impairment charge of £733,000 incurred during the 52 weeks ended 30 January 2010 in relation to the carrying value of retail assets in Eire and offset by an impairment charge relating to retail assets in the year of £391,000.

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.

	<i>Leasehold Improvements</i>	<i>Fixtures, fittings & office equipment</i>	<i>Motor vehicles</i>	<i>Assets under construction</i>	<i>Total</i>
	£'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*

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).

<i>Subsidiary undertaking</i>	<i>Country of incorporation & operation</i>	<i>Principal activity</i>	<i>Holding Ordinary Shares</i>
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 & wholesale 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%
Ted Baker Hong Kong Limited	Hong Kong	Retail of designer clothing & accessories	100%
Ted Baker Spain, S. L.	Spain	Retail of designer clothing & accessories	100%
Ted Baker Korea Yuhan Hoesa	Korea	Retail of designer clothing & accessories	100%
Ted Baker Netherlands B. V.	Netherlands	Retail of designer clothing & accessories	100%
Ted Baker Beijing	The People's Republic of China	Retail of designer clothing & accessories	100%

b) Subsidiary undertakings - cost and net book value

	<i>Company</i>
	£'000
At 29 January 2011	17,051
Increase in cost of investment for share options / awards granted to subsidiary employees	377
At 28 January 2012	17,428

	<i>Company</i>
	£'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

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 and one store in New Zealand (2011: three stores in Australia).

	<i>52 weeks ended 28 January 2012</i>	<i>52 weeks ended 29 January 2011</i>
	£'000	£'000
Investment in Joint Venture	494	345

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 28 January 2012.

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Amounts due from equity accounted investee	407	286

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 28 January 2012 are as follows:

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Non-current assets	1,935	1,509
Current assets	1,201	425
Non-current liabilities	-	-
Current liabilities	(1,993)	(1,077)
Net assets	1,143	857
Share capital	23	23
Retained earnings	762	395
Current year profit, net of tax	298	348
Exchange rate movement	60	91
Total equity	1,143	857

13. Deferred tax assets and liabilities

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Deferred tax liability on UK operations arising from:		
Assets		
Share based payments	900	474
Derivative financial instruments	104	55
Liabilities		
Property, plant & equipment	(144)	(403)
Other *	(2,280)	(1,673)
Net deferred tax liability	(1,420)	(1,547)
Deferred tax asset on foreign operations arising from:		
Foreign trading losses	2,675	1,904
Inventory	389	349
Property, plant and equipment	305	178
Other - vacation accrual	49	39
Net deferred tax asset	3,418	2,470

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

The amount of unused cumulative tax losses for which no deferred tax asset has been recognised in the balance sheet is £1,155,000 (2011: £689,000).

*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 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Raw materials and packaging	2,547	2,174
Work in progress	760	805
Finished goods and goods for resale	48,565	39,513
	51,872	42,492
Cost of inventories recognised as an expense	72,715	62,881
Inventories written down and recognised as an expense in the period	1,949	1,683

15. Trade and other receivables

	Group 28 January 2012	Company 28 January 2012	Group 29 January 2011	Company 29 January 2011
	£'000	£'000	£'000	£'000
Trade receivables	19,744	-	18,182	-
Amounts owed by Group undertakings	-	30,053	-	24,710
Prepayments and accrued income	10,843	-	9,202	2
	30,587	30,053	27,384	24,712

16. Derivative financial instruments

	Assets 28 January 2012	Liabilities 28 January 2012	Assets 29 January 2011	Liabilities 29 January 2011
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	411	(1,063)	102	(455)

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 (2011: £nil).

Gains and losses in equity of forward exchange contracts at 28 January 2012 will be released to the income statement at various dates within 12 months of the balance sheet date, as the hedged forecast transactions occur.

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

	Group 52 weeks ended 28 January 2012	Company 52 weeks ended 28 January 2012	Group 52 weeks ended 29 January 2011	Company 52 weeks ended 29 January 2011
	£'000	£'000	£'000	£'000
Cash and cash equivalents per balance sheet	8,560	444	13,536	464
Bank overdraft per balance sheet	(6,790)	-	-	-
Net cash and cash equivalents per cash flow statement	1,770	444	13,536	464

18. Trade and other payables

	Group 28 January 2012	Company 28 January 2012	Group 29 January 2011	Company 29 January 2011
	£'000	£'000	£'000	£'000
Trade payables	15,910	-	18,888	-
Accruals and deferred income	15,260	4	13,385	14
Other taxes and social security	4,111	-	2,697	-
	35,281	4	34,970	14

19. Capital and reserves

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'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 (2011: 43,198,033)	2,160	2,160

At 28 January 2012, 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 (2011: Employee Trust - £Nil, 1998 Trust - £Nil).

The Company held 1,557,111 shares in treasury at 28 January 2012 (2011: 1,574,249).

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 28 January 2012, the value of financial instruments that are designated as hedging instruments recorded in equity was -£312,000 (2011: -£148,000).

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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

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 2012	Number of options/awards 2012	Weighted average exercise price 2011	Number of options/awards 2011
At beginning of period	344.7p	154,247	240.7p	1,921,415
Granted during the period	552.0p	42,966	432.0p	42,093
Exercised during the period	414.6p	(17,138)	361.0p	(5,308)
Lapsed during the period	441.9p	(15,238)	235.9p	(1,803,953)
Outstanding at the end of period	382.4p	164,837	344.7p	154,247
Exercisable at end of period	-	-	-	-

The charge for the year to the income statement amounted to £58,926 (2011: £38,868). The weighted average share price at the date of exercise of share options exercised during the year was 665.0p (2011: 531.0p).

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

Grant Date	Expiry date	Exercise price	Fair value at grant date	Number of options / awards at 28 January 2012	Number of options / awards at 29 January 2011
17 November 2005	31 January 2012	334.0p	160.0p	-	2,602
27 November 2007	31 January 2014	429.0p	144.6p	3,916	18,810
15 May 2009	1 January 2013	303.0p	82.5p	23,445	23,445
15 May 2009	1 January 2015	303.0p	84.6p	74,963	78,584
14 May 2010	31 January 2015	432.0p	124.6p	17,875	22,537
14 May 2010	31 January 2017	432.0p	129.4p	6,832	8,269
20 April 2011	1 January 2015	552.0p	168.8p	29,930	-
20 April 2011	1 January 2017	552.0p	189.0p	7,876	-
				164,837	154,247

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

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

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
Weighted average share price	478.0p	441.4p
Weighted average exercise price	382.4p	241.6p
Risk free interest rate	1.49% - 4.70%	1.49% - 5.29%
Expected life of options	3-5 years	3-5 years
Share price volatility	22.7% - 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:

<i>Grant date</i>	<i>Type of award</i>	<i>Number of units</i>	<i>Vesting conditions</i>	<i>Vesting period</i>
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:

	<i>At 28 January 2012</i>	<i>At 29 January 2011</i>
	No. of entitlements	No. of entitlements
At 29 January 2011 / 30 January 2010	100,000	100,000
VCP entitlements awarded during the year	-	-
Lapsed during the year	-	-
Outstanding at 28 January 2012 / 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:

	<i>13 August 2009</i>
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 (2011: £387,264). 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 (2011: £69,320).

21. Financial commitments**a) Capital commitments**

The Group has capital commitments of £6,408,000 at 28 January 2012 (2011: £2,682,000) which were not provided in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *continued*

b) Operating leases

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

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Within one year	17,599	18,267
Between one and five years	64,831	58,980
Later than five years	50,086	36,626
	132,516	113,873

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 £14,793,000 (2011: £12,934,000).

c) Pension arrangements

The Group operates a number of defined contribution schemes for senior management and a stakeholder pension scheme for employees, for which the pension cost charge for the period amounted to £549,000 (2011: £515,000). Contributions totalling £24,474 (2011: £18,778) 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 28 January 2012	Fair value 28 January 2012	Carrying amount 29 January 2011	Fair value 29 January 2011
	£'000	£'000	£'000	£'000
Financial assets				
Trade receivables	19,744	19,744	18,182	18,182
Accrued income	1,092	1,092	1,099	1,099
Amount due from equity accounted investee	407	407	286	286
Derivative financial assets	411	411	102	102
Cash and cash equivalents	8,560	8,560	13,536	13,536
Total financial assets	30,214	30,214	33,205	33,205
Financial liabilities				
Trade and other payables	(35,281)	(35,281)	(34,970)	(34,970)
Derivative financial liabilities	(1,063)	(1,063)	(455)	(455)
Bank overdraft	(6,790)	(6,790)	-	-
Total financial liabilities	(43,134)	(43,134)	(35,425)	(35,425)
Net financial liabilities	(12,920)	(12,920)	(2,220)	(2,220)

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 28 January 2012	Fair value 28 January 2012	Carrying amount 29 January 2011	Fair value 29 January 2011
	£'000	£'000	£'000	£'000
Financial assets				
Amounts owed by group undertakings	30,053	30,053	24,710	24,710
Cash and cash equivalents	444	444	464	464
Total financial assets	30,497	30,497	25,174	25,174
Financial liabilities				
Trade and other payables	(4)	(4)	(14)	(14)
Total financial liabilities	(4)	(4)	(14)	(14)
Net financial assets	30,493	30,493	25,160	25,160

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

- Cash and cash equivalents have been stated at their book values due to their short maturities or immediate or short-term access.
- 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.
- 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.
- The fair values of trade and other payables have been stated at their book values due to their short maturities.
- 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 28 January 2012	Assets 28 January 2012	Liabilities 28 January 2012	Contractual/ notional amounts 29 January 2011	Assets 29 January 2011	Liabilities 29 January 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Currency derivatives	26,434	411	(1,063)	26,598	102	(455)
	26,434	411	(1,063)	26,598	102	(455)

c) Cash flow hedging reserve movements

The following table indicates the cash flow hedging reserve balance at 28 January 2012 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

	Currency derivatives 28 January 2012	Currency derivatives 29 January 2011
	£'000	£'000
Within six months	(312)	(148)
Between six months and one year	-	-
Between one and two years	-	-
Unrecognised losses	(312)	(148)

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 28 January 2012	Currency derivatives 29 January 2011
	£'000	£'000
Opening balance	(148)	(12)
(Losses) / gains recognised in hedging reserve	(240)	88
Amounts recovered from hedging reserve and recognised in income statement	26	(279)
Deferred tax associated with movement in the hedging reserve	50	55
Closing balance	(312)	(148)

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:

	<i>US Dollar</i> 28 January 2012	<i>Euro</i> 28 January 2012	<i>Other</i> 28 January 2012
	£'000	£'000	£'000
Financial assets			
Trade receivables	1,602	1,276	44
Cash and cash equivalents*	(5,152)	795	2,362
	(3,550)	2,071	2,406
Financial liabilities			
Trade and other payables	(4,362)	(3,210)	(256)
	(4,362)	(3,210)	(256)
	(7,912)	(1,139)	2,150

* 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.

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 following significant exchange rates applied during the year:

	Average Rate 28 January 2012	Mid-spot rate 28 January 2012	Average Rate 29 January 2011	Mid-spot rate 29 January 2011
US dollar	1.602	1.569	1.543	1.589
Euro	1.154	1.195	1.170	1.161

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 28 January 2012. 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% (2011: 10%) strengthening or weakening of the sterling against the following currencies at 28 January 2012 would have increased / (decreased) equity and profit by the amounts shown in the following table:

	Impact on profit 28 January 2012	Impact on equity 28 January 2012	Impact on profit 29 January 2011	Impact on equity 29 January 2011
	£'000	£'000	£'000	£'000
Test of 10% (2011: 10%) strengthening in sterling against other currencies				
US Dollar	(719)	(719)	(982)	(982)
Euro	(104)	(104)	304	304
	(823)	(823)	(678)	(678)
Test of 10% (2011: 10%) weakening in sterling against other currencies				
US Dollar	879	879	1,200	1,200
Euro	127	127	(372)	(372)
	1,006	1,006	828	828

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:

	Group 28 January 2012	Company 28 January 2012	Group 29 January 2011	Company 29 January 2011
<i>Financial assets subject to interest rate risk</i>	£'000	£'000	£'000	£'000
Sterling	(2,718)	444	11,785	464
US Dollar	(2,220)	-	(4,586)	-
Euro	1,419	-	5,252	-
Other	5,232	-	1,030	-
	1,713	444	13,481	464

There were no fixed rate financial assets or liabilities at 28 January 2012 and 29 January 2011.

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 28 January 2012. The Group considers its maximum exposure to credit risk to be:

	52 weeks ended 28 January 2012	52 weeks ended 29 January 2011
	£'000	£'000
Net cash and cash equivalents	1,713	13,481
Trade receivables	19,744	18,182
Accrued income	1,092	1,099
Amount due from equity accounted investee	407	286
Derivative financial assets	411	102
	23,367	33,150

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

As at 28 January 2012, 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.

NOTES TO THE FINANCIAL STATEMENTS *continued*

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.

	<i>Less than 1 year</i>	<i>Between 1-2 years</i>	<i>Between 2-5 years</i>	<i>Over 5 years</i>	<i>Contracted amount</i>	<i>Carrying amount</i>
	£'000	£'000	£'000	£'000	£'000	£'000
At 28 January 2012						
Non-derivative financial liabilities						
Trade and other payables	35,281	-	-	-	35,281	35,281
Derivative financial liabilities						
Derivative financial instruments	1,063	-	-	-	1,063	1,063
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

Borrowing facilities

The Group has a three year committed borrowing facility of £40.0m (2011: £20.0m), which is due to expire on 1 March 2015. The facility is a multi-currency revolving credit facility with The Royal Bank of Scotland and Barclays. The facility will be used to the extent necessary to fund capital expenditure to support the Group's growth strategy.

The facilities contain financial covenants which are believed to be appropriate in the current economic climate and tested on a quarterly basis. The Group monitors actual and prospective compliance with these on a regular basis.

The Financial covenant tests are based upon the following:

- a ratio of total net debt to EBITDA;
- a fixed charge cover ratio; and
- minimum net tangible assets.

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 28 January 2012.

e) Capital management

The Board's policy is to maintain a strong capital base, defined as total shareholders' equity, totalling £85,185,000 at 28 January 2012 (2011: £76,024,000), 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 per cent of the voting shares of the Company.

At the 28 January 2012, the main trading company owed the parent company £30,053,000 (2011: £24,710,000). The main trading company was owed £38,987,000 (2011: £23,313,000) 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 28 January 2012, the joint venture owed £407,000 to the main trading company (2011: £286,000). In the period the value of sales made to the joint venture by the Group was £726,000 (2011: £565,000).

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

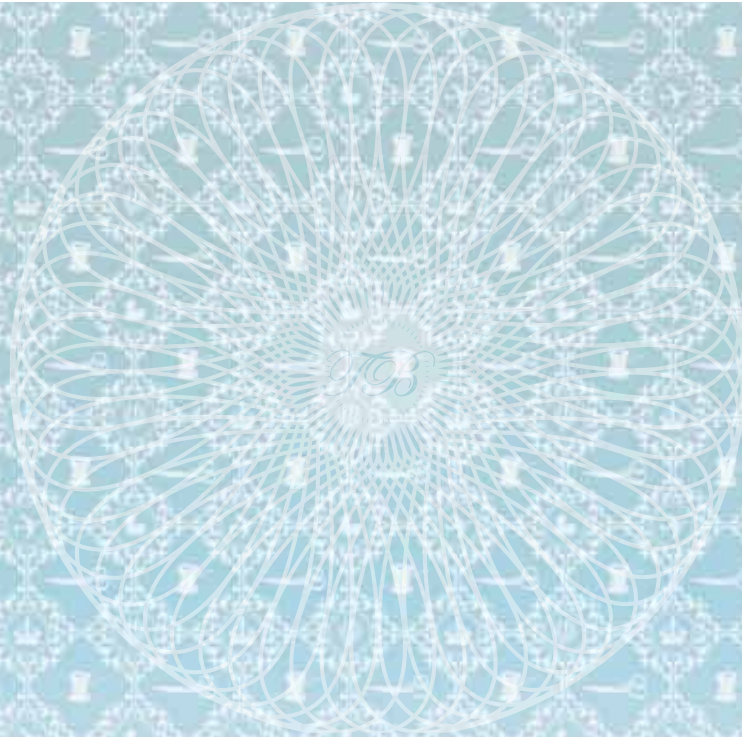
FIVE YEAR SUMMARY

	<i>52 weeks ended 26 January 2008</i>	<i>53 weeks ended 31 January 2009</i>	<i>52 weeks ended 30 January 2010</i>	<i>52 weeks ended 29 January 2011</i>	<i>52 weeks ended 28 January 2012</i>
	£'000	£'000	£'000	£'000	£'000
Results					
Revenue	142,231	152,661	163,586	187,700	215,625
Operating profit	22,142	17,161	19,782	24,132	24,269
Profit before tax	22,057	17,766	19,504	24,228	24,255
Profit before tax and impairment	22,057	19,552	20,254	24,228	23,903
Profit before tax and exceptional costs	22,057	17,766	19,504	24,228	27,069
Profit for the period	15,242	12,568	13,527	17,280	17,557
Assets employed					
Property, plant and equipment	23,061	28,701	25,508	28,368	35,680
Non-current assets	1,738	2,623	3,245	4,589	5,575
Net current assets / (liabilities)	31,756	31,417	38,793	44,614	45,350
Non-current liabilities	(843)	(575)	(1,316)	(1,547)	(1,420)
Net assets	55,712	62,166	66,230	76,024	85,185
Financed by					
Shareholders' funds	55,723	62,202	66,315	76,024	85,185
Non-controlling interest	(11)	(36)	(85)	-	-
Total equity	55,712	62,166	66,230	76,024	85,185
Key statistics					
Basic earnings per share	36.1p	29.6p	32.6p	41.5p	42.2p
Adjusted earnings per share	36.1p	29.6p	32.6p	41.5p	48.9p
Diluted earnings per share	35.9p	29.6p	32.6p	41.4p	40.6p
Dividends per share	16.4p	16.65p	17.15p	20.6p	23.4p
Dividend cover	2.2 times	1.8 times	1.9 times	2.0 times	1.8 times
Dividend cover before exceptional costs	2.2 times	1.8 times	1.9 times	2.0 times	2.1 times
Return on capital employed	51.4%	32.6%	37.4%	39.3%	29.8%
Return on capital employed before exceptional costs	51.4%	32.6%	37.4%	39.3%	33.2%

VISAS



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Emergencies: The holder should insert below particulars of two local Ted Baker stores who may be contacted in the event of a sartorial emergency:

Name _____ Name _____

Address _____ Address _____

Telephone _____ Telephone _____

NOTES

1. From a scrap of fabric found in Morocco to a pattern spotted in Peru, you never know when or where inspiration will strike. Rest assured though, Ted travels the world and back again to ensure each new season is better than the last.
2. With over 275 stores and concessions worldwide, Ted Baker has travelled to all four corners of the globe, setting rather than following fashion, mixing business and pleasure.
3. His quest for the perfect mix of distinctive design, beautiful quality, simple yet unswerving attention to detail and unconventional approach to fashion (all liberally spiced with Ted's irreverent sense of humour and a firm commitment to good old-fashioned values) has seen him cement his reputation as a purveyor of the finest in fashionable clothing and stylish accessories
4. While Ted's travels around the world have become the stuff of legend, it is a fact that – today – all four corners of the world have now cottoned onto what Ted still likes to call 'fashion's best kept secret'.

