TED BAKER

LONDON

TED BAKER PLC

COMPANY NUMBER: 3393836

FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED 31 JANUARY 2004

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Ted s Advisers

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Ted Baker PLC - Registered in England No: 3393836

CHAIRMAN S STATEMENT

I am delighted to report another set of very strong financial results for Ted Baker. During the year we made excellent progress in following our brand development strategy. That strategy is based on three main elements: considered expansion of our collections; controlled *distribution through three main channels — retail, wholesale and licensing; and carefully managed development of overseas markets.* I would like to thank everyone at Ted Baker for another successful year for our business.

I am pleased to announce that we have extended the initial period of our licence agreement with Hartmarx Corporation Inc. (Hartmarx) by three years to 31 December 2008. Hartmarx has committed to further guaranteed minimum licence income of $6.6m over this period.

Results

Group turnover increased by 26.6% to £88.8m (2003: £70.2m) for the 53 weeks ended 31 January 2004. Operating profit increased by 24.4% to £14.3m (2003: £11.5m, before one off charges) and by 43.9% compared to operating profit including one off charges (2003: £9.9m). Profit before tax increased by 26.0% to £13.9m (2003: £11.0m, before one off charges) and by 46.6% compared to profit before tax including one off charges (2003: £9.5m). Adjusted basic earnings per share increased by 22.0% to 22.7p per share (2003: 18.6p per share) and by 42.8% compared to basic earnings per share (2003: 15.9p per share).

Dividends

The Board is pleased to recommend a final dividend of 6.4p per share (2003: 5.8p) making a total for the year of 9.6p (2003: 8.7p) an increase of 10.3% over the previous year. The final dividend will be payable on 25 June 2004 to those shareholders on the register on 21 May 2004.

Current Trading

We have made a good start to the new financial year with total retail sales ahead by 8.4% for the first seven weeks, compared with the same period last year. Wholesale sales are 97.5% ahead, mainly reflecting earlier phasing of deliveries. We remain confident of another successful year for the growth and development of our brand.

Robert Breare
Non Executive Chairman

CHIEF EXECUTIVE S REVIEW

Strategy

I am pleased to report another strong year for the Ted Baker brand as we continue carefully to manage our expansion both in the UK and overseas. Our excellent financial results demonstrate the continued success of our collections. We successfully opened our second largest store to date at the Shambles in Manchester and launched our exclusive Global collection for men in September 2003. We continue to make good progress in developing the brand in the United States, both through our own retail stores and with our licencee, Hartmarx.

Retail

The retail division performed very strongly during the year as we continued to adapt our store portfolio to accommodate our broader range of collections. Retail sales grew by 25.7% to £61.3m (2003: £48.8m). The average retail square footage rose by 30.0% over the period to 98,888 sq. ft. (2003: 76,091 sq. ft.). At 31 January 2004, total retail square footage was 103,787 sq. ft. (2003: 91,813 sq. ft.) representing an increase of 13.0%.

Sales per square foot decreased from £641 to £620 reflecting in particular the opening of larger than average stores where sales per square foot are lower. UK sales per square foot increased by 1.5% from £668 to £678.

At 31 January 2004, the retail division consisted of 87 retail locations comprising 18 UK stores, 4 overseas stores, 59 concessions and 6 outlet stores.

We have relocated two stores in Manchester to the Shambles development and in London we closed two stores and opened in the Duke of York s Square development on the Kings Road. We opened 16 concessions in leading department stores and an outlet store in Bicester Village.

In the United States both New York and San Jose exceeded our expectations but our Miami store performed below expectations due to the delayed development and immaturity of the centre in which it is located. In Europe, our store in Paris continued to perform in line with expectations.

Wholesale

The development of the wholesale division is a key element of the low-risk expansion strategy of the Group. This division performed very strongly as we continued to add new trustees and sell new collections to existing trustees. Sales from the wholesale division rose by 28.7% to £27.5m (2003: £21.4m). This result reflects the continued success of our established collections, Ted Baker, Ted Baker Woman and Endurance, as well as the development of more recent collections including Ted Baker Jean, Accessories, Childrenswear and Homewear.

Licence Income

Licence income increased by 25% to £2.5m (2003, 52 weeks: £2.0m) reflecting the continued development of our product and territorial licences.

Hartmarx continued to expand and develop the US wholesale business. The Ted Baker brand is now stocked by top independent stores and leading department stores such as Bloomingdales, Nordstrom and Parisien. We remain confident of the long term prospects of the brand in the US and to this end have extended the initial term of our licence agreement with Hartmarx for a further three years to 31 December 2008. In return Hartmarx has guaranteed minimum licence income for this period amounting to $6.6m. Two renewal periods, each of three years, are subject to Hartmarx achieving certain performance criteria.

Pentland Group PLC, our shoe licencee, had another excellent year, again exceeding our expectations. Our fragrance licencee, Knowledge Merchandising Inc. Ltd. (KMI), made good progress during the year and our watch licence with Zeon Ltd. saw growth ahead of our expectations.

Our original licence for opthalmics and sunglasses expired in the summer and was not renewed. We have since appointed Mondottica Limited to this licence and are very pleased with the progress made to date.

The territorial licence for Australia and New Zealand, which we announced last year, had no financial impact on this year. We are very encouraged by the early success of the launch of the brand in 2004.

Collections

Menswear turnover increased by 27.2% to £45.7m (2003: £35.9m) and Womenswear grew by 19.9% to £36.4m (2003: £30.4m) as we continued to extend the breadth of our ranges. Other collections contributed turnover of £6.7m (2003: £3.8m), which represented an increase of 74.2%. This underlying growth particularly reflects the success of our more recently launched Childrenswear and Footwear collections.

Outlook

The current year has started well and we have very exciting brand development opportunities in prospect. In the UK we have opened a new store in Stansted airport (March 2004) and plan to open two more stores in Guildford and Westbourne Grove (London) in the first half of the year. We expect to relocate our existing Nottingham stores to one larger location during the second half of the year.

Overseas, we are delighted to announce that we have recently secured an excellent retail location in Union Square, San Francisco, which we expect to open during the second half of the year. We continue to consider other opportunities in the US.

Perhaps most exciting of all is the imminent launch of our revolutionary Endurance store in Covent Garden. This store will showcase the successful Endurance collection and will introduce Ted s new and innovative approach to the experience of selecting a suit.

Ray Kelvin
Chief Executive

FINANCE DIRECTOR S REPORT

The financial results reflect our continued focus on margin led growth and strong cash management. Our net margin before taxation and before exceptional charges was maintained at 15.7% and opening net debt of £1.2m improved to closing net funds of £5.8m.

The provision of £1.6m made last year to cover the closure and relocation of a number of retail stores proved adequate and there has been no material effect on the profit and loss account in the period.

Gross Margin

Composite retail gross margins reduced slightly to 66.7% (2003: 66.9%) reflecting the effect of the overseas stores that were open for the whole year and which recorded a slightly lower margin. In the UK, retail gross margins remain stable at 67.0% (2003: 67.0%) having absorbed the effect of opening the additional outlet store in the first half. The composite wholesale gross margin decreased to 43.1% (2003: 43.4%) reflecting changes in the product mix.

The reductions in the composite retail and wholesale gross margins reduced the composite gross margin to 59.4% (2003: 59.7%). We anticipate a further increase in overseas retail sales as a proportion of the total, giving rise to a small decrease in the composite retail gross margin in the current year.

Operating Expenses

Operating expenses rose by 25.9% to £41.2m (2003: £32.7m, before one off charges) and 20.2% compared to operating expenses including one off charges (2003: £34.3m). Distribution costs, which include the costs of new retail stores, outlets and concessions increased by 27.1% to £30.0m (2003: £23.6m) which was less than the 30% increase in average retail selling space. Administration expenses rose by 22.7% to £11.2m (2003: £9.1m) reflecting continued investment in our team and in the development of our infrastructure.

Interest

The net interest charge during the year remained at comparable levels to last year at £0.4m (2003: £0.4m).

Taxation

The tax charge for the year was £4.3m (2003: £3.0m), an effective tax rate of 31.1% (2003: 32.0%).

Shareholder Return

Adjusted basic earnings per share increased by 22.0% to 22.7p per share (2003: 18.6p per share) and by 42.8% compared to basic earnings per share (2003: 15.9p per share). Free cash flow per share increased 18.9% from 24.3p to 28.9p.

Cash Flow and Working Capital

Net cash inflow from operating activities was £16.5m (2003: £13.6m) primarily reflecting increased trading and continued tight cash management. Working capital was tightly controlled and only increased from £4.3m to £4.5m despite the growth of the business.

Capital expenditure was £4.1m (2003: £7.9m) and largely comprised investment in new retail stores. During the year we re-negotiated our lease at Floral Street, Covent Garden resulting in a £2.0m cash inflow.

Net cash inflow from financing was £0.9m (2003: £0.2m) reflecting the issue of shares in support of employee share option schemes.

Treasury and Risk Management

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

The Group s policy is to hedge substantially all the risks of such currency fluctuations by using forward contracts taking into account forecast foreign currency cash inflows. There has been no change since the year-end to the major financial risks faced by the Group or the Group s approach to the management of those risks.

Lindsay Page
Finance Director

BOARD OF DIRECTORS

ROBERT BREARE — NON-EXECUTIVE CHAIRMAN (51)

Robert has extensive experience of consumer facing businesses and was formerly a director of Arcadian International PLC. Robert is chief executive of Noble House Group and holds a number of non-executive positions. He is Chairman of the audit committee and nomination committee and a member of the remuneration committee. Robert is an independent director.

RAYMOND STUART KELVIN — CHIEF EXECUTIVE (48) (CLOSEST MAN TO TED)

Ray, the founder of Ted Baker, has worked in the fashion industry for over 31 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 he has been the Chief Executive of Ted Baker since its launch in 1988.

LINDSAY DENNIS PAGE, MA, ACA — FINANCE DIRECTOR (45)

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. He is a non-executive director of Actif Group PLC.

DAVID ALAN BERNSTEIN — NON-EXECUTIVE (60)

David is non-executive Chairman of Blacks Leisure PLC, Frank Thomas Limited, Adams Childrenswear Limited and a non executive director of Wembley National Stadium Limited. Previously he was joint Managing Director of Pentland Group PLC and Chairman of French Connection PLC. He is a member of the remuneration, audit and nomination committees. David is an independent director.

DAVID BRUCE HEWITT — NON-EXECUTIVE (71)

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

LORD STONE OF BLACKHEATH — NON-EXECUTIVE (61)

Lord Stone pursued a distinguished career with Marks & Spencer plc, becoming Merchandise Director and then joint Managing Director prior to his retirement in 1999. Lord Stone is a non-executive director of N Brown Group plc, Brainboost Limited and the Overseas Development Institute. Lord Stone holds a wide range of positions in public bodies and voluntary organisations. He is a member of the remuneration, audit and nomination committees. Lord Stone is an independent director.

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the accounts and auditors' report, for the 53 weeks ended 31 January 2004. The comparative period is for the 52 weeks ended 25 January 2003.

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 childrenswear. The subsidiary undertakings principally affecting the profits and net assets of the Group in the period are listed in note 13 to the accounts.

BUSINESS REVIEW

A review of the Group's activities and prospects is contained in the chairman's statement, the chief executive's review and the finance director's review on pages 2 to 9

RESULTS AND DIVIDENDS

The audited accounts for the 53 weeks ended 31 January 2004 are set out on pages 26 to 47. The Group profit for the 53 weeks, after taxation and minority interests, was £9,579,000 (2003, 52 weeks: £6,556,000). The directors recommend a final dividend of 6.4p per ordinary share (2003, 52 weeks: 5.8p) to be paid on 25 June 2004 to ordinary shareholders on the register on 21 May 2004 which, together with the interim dividend of 3.2p (2003, 52 weeks: 2.9p) paid on 29 November 2003, makes a total of 9.6p for the period (2003, 52 weeks: 8.7p)

DIRECTORS

The directors who served during the period were as follows:

Robert Breare:	Non-executive chairman, remuneration committee member, audit committee chairman, nomination committee chairman
David A Bernstein:	Non-executive director, remuneration committee member, audit committee member, nomination committee member
David B Hewitt :	Senior non executive director, remuneration committee chairman, audit committee member, nomination committee member
Lord Stone of Blackheath :	Non-executive director, remuneration committee member, audit committee member, nomination committee member
Raymond S Kelvin :	Chief executive
Lindsay D Page :	Finance director

Details of the directors' beneficial interests in the shares of the Company and their options are given in note 7 to the accounts. Brief details of the career of each director are set out on page 11.

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company will be required to adopt International Financial Reporting Standards with effect from its year ending January 2006. An assessment is currently being made of the changes required.

SUBSTANTIAL SHAREHOLDINGS

On 23 March 2004, the Company had been notified, in accordance with sections 198 to 208 of the Companies Act 1985, of the following interests in the ordinary share capital of the Company:

NAME OF HOLDER	NUMBER	% HELD
R S Kelvin	18,587,276	43.6%
Fidelity Investors	4,632,722	10.9%
Schroder Investment Management	4,229,528	9.9%
Standard Life Investments	3,136,996	7.4%
Scottish Widows	2,207,729	5.2%

DIRECTORS INTERESTS

The Directors who held office at 31 January 2004 had the following interests in the shares of Ted Baker PLC:

	% of share capital	31 January 2004 Beneficial	25 January 2003 Beneficial
R S Kelvin	43.6%	18,587,276	18,587,276
L D Page		293,837	271,615
D B Hewitt		1,666	1,666
Lord Stone of Blackheath		15,000	15,000

No changes took place in the interests of directors between 31 January 2004 and 23 March 2004.

GOING CONCERN

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

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period.

In preparing the financial statements, the directors are required to:

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent; and

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a 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.

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 49 days (2003, 52 weeks: 52 days). At the year end the Company had no trade creditors.

DONATIONS

There were no charitable or political donations during the period (2003, 52 weeks: £nil).

DISABLED EMPLOYEES

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

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various 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 their current and future interests.

SOCIAL RESPONSIBILITY

The Board has identified and assessed the significant risk to the Group s short term and long term value arising from social, environmental and ethical (SEE) matters and the formal schedule of matters reserved to the Board takes account of SEE matters. L D Page, Finance Director, has been given specific responsibility for overseeing the formulation of the Group s policies and procedures for managing risks arising from SEE matters. The Group is continually reviewing systems to reduce the effect on the environment of waste generated on the Group s sites. The Group complies with the Producer Responsibility Obligation (packaging waste) Regulations 1997 and is a member of the Wastepak Compliance Scheme.

AUDITORS

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

The report was approved by the Board of Directors on 23 March 2004 and signed on it s behalf by:

C F Anderson, Secretary, 23 March 2004.
Registered office - The Ugly Brown Building, 6a St Pancras Way, London NW1 0TB

CORPORATE GOVERNANCE STATEMENTS

THE BOARD

The Board currently comprises a non-executive chairman, a chief executive, one other executive director and three non-executive directors. Biographies of these directors appear on page 11.

David Hewitt has held the position of non-executive director since 1997 and has been confirmed by the Board as the Company s senior independent director. All the non-executive directors are considered by the Board to be independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement.

The Board meets regularly throughout the year. It considers all issues relating to the strategy, direction and future development of the Group. The Board has a schedule of matters reserved to it for decision that is regularly updated. The requirement for Board approval on these matters is understood and communicated widely throughout the Group.

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 Board appoints all directors for specified terms on the basis of recommendations put to the Board by the nomination committee whose members are disclosed on page 12.

AUDIT COMMITTEE

During the period Robert Breare was Chairman of the Audit Committee and the other committee members were David Bernstein, David Hewitt and Lord Stone of Blackheath. All the committee members are non-executive directors and meet at least twice a year to review and approve the interim and annual financial statements before submission for approval by the Board and to consider any matters raised by the auditors.

STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with the provisions of the Code of Best Practice set out in the section 1 of the Combined Code.

STATEMENT ABOUT APPLYING THE PRINCIPLES OF GOOD GOVERNANCE

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

The directors are aware that the combined code has been revised and these revisions will apply from next year.

APPOINTMENTS TO THE BOARD

Newly appointed directors are given training appropriate to the level of their previous experience.

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

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

COMMUNICATION WITH SHAREHOLDERS

The Group attaches considerable importance to the effectiveness of its communication with 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 feedback; and* communicating regularly throughout the year. All shareholders can gain access to these presentations, as well as the annual report and accounts and to other information about the Company, through the website at www.tedbaker.co.uk. They may also attend the Company's Annual General Meeting at which they have the opportunity to ask questions.

INTERNAL CONTROL

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

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

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

The Group has an independent internal audit function whose findings are regularly reviewed by the Executive Committee and the Board.

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 its findings to the Board.

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

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

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

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

DIRECTORS REMUNERATION REPORT

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

THE LEVEL AND COMPOSITION OF DIRECTORS REMUNERATION

The Board has shown that it does not pay more than is necessary to attract and retain the directors needed to run the Company successfully as executive directors remuneration, excluding performance-related incentives, has risen on average by 6.6 per cent per annum over the past two years whereas the Company s earnings per share have risen by 19.3 per cent over the same period.

PROCEDURES FOR DEVELOPING POLICY AND FIXING REMUNERATION

The members of the remuneration committee are disclosed on page 12. The Board has shown its commitment to formal and transparent procedures for developing remuneration policy, fixing executive remuneration and ensuring that no director is involved in deciding his or her own remuneration by consulting the Monk Partnership (an associate firm of PriceWaterhouseCoopers who also provided tax and accounting services to the Group in the year) on executive directors pay trends. This policy is expected to continue in forthcoming years

STATEMENT OF REMUNERATION POLICY

The aim of the Company s remuneration policy is to attract motivate and retain high quality management and to incentivise them to achieve growth in earnings per share which delivers value to the shareholders.

The remuneration policy is as follows:

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

ANNUAL BONUS — The annual grant of bonuses is conditional upon achievement of targets by reference to agreed financial performance measures and external expectations, namely profit before tax and growth in earnings per share. These are designed to provide a direct link between the rewards of executives and returns to shareholders. Bonuses are capped at 40% of basic salary. This scheme is applicable to Mr R S Kelvin and Mr I. D Page. Amounts received in the year may be found in note 7 to the accounts. Following a review of executive remuneration, the remuneration committee has raised the cap to 50% of basic salary in the forthcoming financial year.

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

PENSIONS — The Company operates a money purchase scheme with a Company contribution of 10 per cent for executive directors, apart from R S Kelvin. Following a review of executive remuneration the remuneration committee has raised Company contributions to 12.5 per cent for executive directors, apart from R S Kelvin in the forthcoming financial year.

LONG TERM INCENTIVE PLAN AND SHARE OPTIONS

The Company believes that share ownership by executive directors and senior executives strengthens the link between their personal interests and those of the shareholders. The following schemes are in operation for the benefit of directors:

THE 1997 EXECUTIVE SHARE OPTION SCHEME

Under this scheme both options to subscribe for new shares and options to acquire shares from the Ted Baker Group Employee Benefit Trust may be issued. The excercise of options granted under the 1997 Executive Share Option Scheme is subject to earnings per share growth over the three accounting periods, the first being the one in which the grant is awarded. If compound earnings per share growth is at least 10 per cent per annum, then 25 per cent of the options will be exercisable rising to the maximum if compound growth of 15 per cent per annum is achieved. This scheme is applicable to Mr L D Page.

THE TED BAKER PERFORMANCE SHARE PLAN

Under the plan, both Long Term Incentive Plan awards and share options may be granted:

1. The award of shares under the Long Term Incentive Plan is subject to earnings per share growth over the three accounting periods, the first being the one in which the grant is made. If compound earnings per share growth is at least 12.5 per cent per annum, then 25 per cent of the award will be received rising to the maximum if compound growth of 20 per cent per annum is achieved. Shares awarded will normally be received in two equal tranches, one following the end of the three year performance period and the second tranche one year later. This plan is applicable to Mr R S Kelvin and Mr L D Page.

2. The exercise of share options granted under the Ted Baker Performance Share Plan is subject to the same performance conditions as the 1997 Executive Share Option Scheme and is applicable to Mr R S Kelvin

TED BAKER SHARESAVE SCHEME

Under this scheme, options are made available to all employees to encourage share ownership. There are no performance conditions attached to this scheme and it is applicable to Mr R S Kelvin and Mr L D Page.

Earnings per share growth is the chosen performance criteria because it is seen as a key driver of shareholder value.

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 its business;

- the geographical spread of its business; and

- its growth and expansion profile.

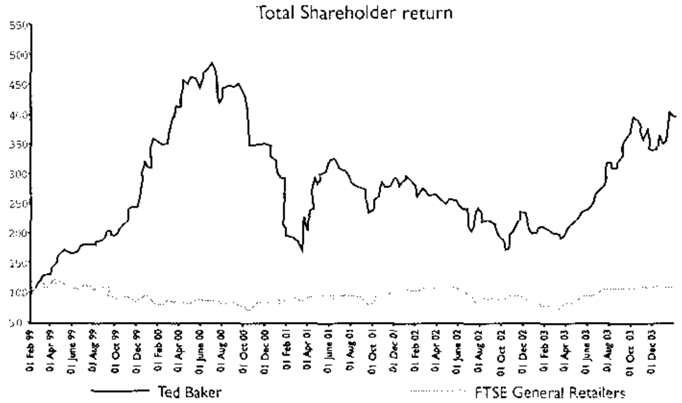
CONTRACTS OF SERVICE

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

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

Total shareholder value

The following charts the total cumulative shareholder return of the company since 26 January 1998.



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

AUDITED INFORMATION

INDIVIDUAL ASPECTS OF REMUNERATION

The auditors are required to report on this section of the report. Full details of the remuneration packages of individual directors and information on share options, the long term incentive plan and pension benefits are set out in note 7 to the accounts

David Hewitt, Chairman of the Remuneration Committee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TED BAKER PLC

We have audited the financial statements on pages 26 to 47. We have also audited the information in the directors' remuneration report that is described as having been audited.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report and the directors' remuneration report. As described on page 13, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on pages 16 to 13 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement and the unaudited part of the directors' remuneration report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

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

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 January 2004 and of the profit of the Group for the 53 weeks then ended; and

- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc Chartered Accountants · Registered Auditor, 8 Salisbury Square, London, EC4Y 8BB
23 March 2004

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 53 weeks ended 31 January 2004

	Notes	53 weeks ended 31 January 2004 £ 000	52 weeks ended 25 January 2003 £ 000
Turnover	2	88,842	70,188
Cost of sales	2	(36,088)	(28,252)
Gross profit	2	52,754	41,936
Other operating expenses (net) before impairment	3	(38,494)	(30,475)
Impairment of fixed assets	3	-	(1,551)
Other operating expenses (net)	3	(38,494)	(32,026)
Operating profit		14,260	9,910
Interest receivable		31	55
Interest payable	5	(382)	(480)
Profit on ordinary activities before taxation	2,4	13,909	9,485
Tax on profit on ordinary activities	8	(4,333)	(3,033)
Profit on ordinary activities after taxation		9,576	6,452
Minority interest — equity		3	104
Profit for the financial year	9	9,579	6,556
Dividends paid and proposed	10	(4,066)	(3,600)
Retained profit for the period	20	5,513	2,956
Earnings per share	11		
Basic earnings per share		22.7	15.9
Adjusted basic earnings per share		22.7	18.6
Diluted earnings per share		22.2	15.6

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the 53 weeks ended 31 January 2004

	£ 000	£ 000
Profit for the financial year	9,579	6,556
Exchange rate movement	(283)	34
Total recognised gains relating to the year	9,296	6,590

The accompanying notes are an integral part of this consolidated profit and loss account.

There are no differences between the Company s historical cost profit and that recorded in the profit and loss account (2003: £nil).

A statement of movements on reserves is given in note 21 to the financial statements. The profit for the current and prior periods was entirely derived from continuing activities.

CONSOLIDATED BALANCE SHEET

At 31 January 2004

	Notes	31 January 2004 £ 000	25 January 2003 £ 000
Fixed assets			
Tangible assets	12	14,410	15,375
Investments	13	896	349
		15,306	15,724
Current assets			
Stocks	14	17,321	13,937
Debtors	15	7,054	6,975
Cash at bank and in hand		9,811	2,778
		34,186	23,690
Creditors: amounts falling due within one year	16	(19,384)	(16,456)
Net current assets		14,802	7,234
Total assets less current liabilities		30,108	22,958
Creditors: amount falling due after more than one year	17	(4,000)	(4,000)
Provisions for liabilities and charges	18	(480)	(123)
Net assets		25,628	18,835
Capital and reserves			
Called-up share capital	19	2,131	2,072
Share premium	20	5,358	1,412
Profit and loss account	20	18,200	15,411
Equity shareholders funds	21	25,689	18,895
Minority interests – equity	20	(61)	(60)
Total capital and reserves		25,628	18,835

The accompanying notes are an integral part of this consolidated balance sheet. The financial statements on pages 26 — 47 were approved by the Board of Directors on 23 March 2004 and signed on its behalf by:

D. Page Director

COMPANY BALANCE SHEET

At 31 January 2004

	Notes	31 January 2004 £ 000	25 January 2003 £ 000
Fixed assets			
Investments — subsidiary companies	13	15,237	15,237
Investments — own shares	13	1,158	471
		16,395	15,708
Current assets			
Debtors	15	9,098	5,579
Cash at bank		415	90
		9,513	5,669
Creditors: amounts falling due within one year	16	(2,770)	(2,461)
Net current assets		6,743	3,208
Total assets less current liabilities		23,138	18,916
Creditors: amount falling due after more than one year	17	-	-
Net assets		23,138	18,916
Capital and reserves			
Called up share capital	19	2,131	2,072
Share premium	20	5,358	1,412
Other reserves	20	13,000	13,000
Profit and loss account	20	2,649	2,432
Equity shareholders' funds	21	23,138	18,916

The accompanying notes are an integral part of this balance sheet. The financial statements on pages 26 — 47 were approved by the Board of Directors on 23 March 2004 and signed on its behalf by:

D. Page Director

CONSOLIDATED CASHFLOW STATEMENT For the 53 weeks ended 31 January 2004	Notes	53 weeks ended 31 January 2004 £ 000	52 weeks ended 25 January 2003 £ 000
Net cash inflow from operating activities	22	16,488	13,632
Returns on investments and servicing of finance			
Interest received		19	55
Interest paid		(367)	(502)
Net cash outflow from returns on investments and servicing of finance		(348)	(447)
Taxation			
UK corporation tax paid		(3,843)	(3,215)
Capital expenditure and financial investment	23	(1,915)	(7,949)
Equity dividends paid		(3,743)	(3,313)
Cash inflow/(outflow) before financing		6,639	(1,292)
Financing			
Shares issued		1,564	225
Shares purchased		(694)	-
Sale of own shares		7	-
Net cash inflow from financing		877	225
Increase/(decrease) in cash in the period	23	7,516	(1,067)

The accompanying notes are an integral part of this consolidated cashflow statement.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies applied consistently throughout the year and the prior year are summarised below.

A. BASIS OF ACCOUNTING — The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Company's accounting reference date is 31 January and the financial statements are prepared to the last Saturday in January each year.

B. BASIS OF CONSOLIDATION — The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 31 January 2004. 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 profit and loss account from the date of acquisition or up to the date of disposal. Under section 230 (4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

C. GOODWILL — Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 1 February 1998, when FRS 10 Goodwill and intangible assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess fair value of the consideration given and any associated costs over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 February 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, normally 20 years.

On the subsequent disposal or termination of a business acquired since 1 February 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

D. TANGIBLE FIXED ASSETS — Tangible fixed assets are stated at cost, net of depreciation and provision for impairment in value. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, on the following bases:

SHORT LEASEHOLD PROPERTIES — Straight line over the period of the lease.

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. Residual value is calculated on prices prevailing at the date of acquisition.

E. FIXED ASSET INVESTMENTS — Fixed asset investments are shown at cost less provision for impairment in value.

F. STOCKS — stocks 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.

G. TAXATION - Corporation tax payable is provided on taxable profits at the current rate. Deferred tax is recognised on a full provision basis on all timing differences which have originated but not reversed at the balance sheet date. Timing differences represent accumulated differences between the Company's taxable profit and its financial profit and arise primarily from the difference between accelerated capital allowances and depreciation. Deferred tax is not discounted.

A deferred tax asset is regarded as recoverable and therefore recognised only when on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

H. PENSION COSTS AND OTHER POST RETIREMENT BENEFITS — Contributions payable to defined contribution schemes in respect of pension costs and other post retirement benefits are charged to the profit and loss account 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.

I. EMPLOYEE SHARE OWNERSHIP PLANS — The results and net assets of the Ted Baker Group Employee Benefit Trust and the Ted Baker 1998 Employee Benefit Trust (Employee Trusts) have been consolidated in the accounts. Shares owned by the Employee Trusts are included in the balance sheet at cost less provisions for permanent diminutions in value.

J. FOREIGN CURRENCY - Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

The results of overseas operations are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the Group's investment in such operations, are dealt with through reserves. Where financing of overseas operations is made by long-term loans or deferred trading balances, exchange differences arising on translation are dealt with through reserves.

K. TURNOVER — Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

L. LEASES — Rentals under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such basis.

2. SEGMENT INFORMATION

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

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
a) Analysis of turnover - by brand	£ 000	£ 000
Menswear	45,709	35,942
Womenswear	36,438	30,402
Other	6,695	3,844
	88,842	70,188

b) Classes of business — by divisional activity

i) 53 weeks ended 31 January 2004	Retail	Wholesale	Inter-Company	Total
	£ 000	£ 000	£ 000	£ 000
Turnover	61,321	28,433	(912)	88,842
Cost of sales	(20,415)	(16,504)	831	(36,088)
Gross profit	40,906	11,929	(81)	52,754
Common operating costs				(38,494)
Operating profit				14,260
Net interest payable				(351)
Profit before taxation				13,909
Analysis of net assets				
Net assets	15,015	3,906	-	18,921
Net financial assets				6,707
				25,628

ii) 52 weeks ended 25 January 2003	Retail	Wholesale	Inter-Company	Total
	£ 000	£ 000	£ 000	£ 000
Turnover	48,798	22,023	(633)	70,188
Cost of sales	(16,137)	(12,665)	550	(28,252)
Gross profit	32,661	9,358	(83)	41,936
Common operating costs				(30,475)
Impairment of fixed assets				(1,551)
Operating profit				9,910
Net interest payable				(425)
Profit before taxation				9,485
Analysis of net assets				
Net assets	15,738	3,970	-	19,708
Net financial liabilities				(873)
				18,835

b) Classes of business — by geographic origin

i) 53 weeks ended 31 January 2004	United Kingdom £ 000	Other £ 000	Inter-Company £ 000	Total £ 000
Turnover	86,562	3,192	(912)	88,842
Cost of sales	(35,705)	(1,214)	831	(36,088)
Gross profit	50,857	1,978	(81)	52,754
Common operating costs				(38,494)
Operating profit				14,260
Net interest payable				(351)
Profit before taxation				13,909
Analysis of net assets				
Net assets	21,236	(2,315)	-	18,921
Net financial assets				6,707
				25,628

ii) 52 weeks ended 25 January 2003	United Kingdom £ 000	Other £ 000	Inter-Company £ 000	Total £ 000
Turnover	69,342	1,479	(633)	70,188
Cost of sales	(28,194)	(608)	550	(28,252)
Gross profit	41,148	871	(83)	41,936
Common operating costs				(30,475)
Impairment of fixed assets				(1,551)
Operating profit				9,910
Net interest payable				(425)
Profit before taxation				9,485
Analysis of net assets				
Net assets	20,085	(377)		19,708
Net financial liabilities				(873)
				18,835

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

3. OTHER OPERATING EXPENSES (NET)

	53 Weeks ended 31 January 2004 £ 000	52 Weeks ended 25 January 2003 £ 000
Distribution costs	30,044	23,644
Administration expenses	11,169	9,102
Impairment of fixed assets		1,551
Administration expenses including impairment of fixed assets	11,169	10,653
Other operating income	(2,719)	(2,271)
Other operating expenses (net)	38,494	32,026

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
Profit on ordinary activities before taxation is stated after charging:	£ 000	£ 000
Depreciation and amounts written off owned tangible fixed assets	3,285	3,093
Operating lease rentals	5 485	4,482
Auditors remuneration for audit services	34	34
Auditors remuneration for non-audit services	7	6
Loss on sale of fixed assets	-	9
Impairment of fixed assets	-	1,551

Amounts payable to KPMG Audit Plc in respect of non-audit services relate to review work associated with the interim statement.

5. INTEREST PAYABLE

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	£ 000	£ 000
Interest payable on bank borrowings	382	480

6. STAFF COSTS

The average monthly number of employees (including executive directors) was :	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	No	No
Sales	846	702
Design	20	20
Administration	119	102
	985	824

Their aggregate remuneration comprised:	£ 000	£ 000
Wages and salaries	14,850	11,280
Social security costs	1,373	975
Pension costs	166	159
	16,389	12,414

7. DIRECTORS REMUNERATION, INTERESTS AND TRANSACTIONS — AGGREGATE REMUNERATION

The total amounts for directors remuneration and other benefits were as follows:

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	£ 000	£ 000
Emoluments	739	545
Money purchase pension contributions	16	15
	755	560

DIRECTORS EMOLUMENTS

	Fees / Basic Salary	Benefits	Performance related bonus	LTIP	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Executive						
R S Kelvin	208	8	82	66	364	268
L D Page	166	1	62	46	275	209
Non-executive						
R Breare	25				25	25
D A Bernstein (appointed 24/1/03)	25				25	
D B Hewitt	25				25	25
Lord Stone of Blackheath (appointed 24/1/03)	25				25	
B S North (resigned 11/06/02)	-				-	11
T Campbell (resigned 16/08/02)	-				-	7
	474	9	144	112	739	545

Performance related bonuses are determined by the remuneration committee based on the 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 40% of basic salary. Awards under long-term incentive schemes relate to the Ted Baker Performance Share Plan (the Plan). Full details of the Plan are given in the Directors Remuneration Report on Page 20

DIRECTORS SHARE OPTIONS

The directors who held office at 31 January 2004 had the following options in the shares of Ted Baker PLC:

	25 January 2003 No. of shares	Options (exercised) or granted No of shares	31 January 2004 No of shares	Option price p	Market price on exercise p	Gain on exercise £ 000	Earliest date of exercise	Expiry date
L D Page	100,000	(100,000)		135.0	270.0	135	18 July 2000	17 July 2004
L D Page	147,222	(147,222)	-	135.0	360.0	331	18 July 2000	17 July 2004
L D Page	152,778	(152,778)	-	135.0	390.0	390	18 July 2000	17 July 2004
L D Page	-	37,000	37,000	193.5	-		25 March 2006	24 March 2013
L D Page	-	213,000	213,000	245.0		-	11 June 2006	10 June 2013
R S Kelvin	-	250,000	250,000	245.0	-		11 June 2006	10 June 2013

Exercise of options between 18 July 2000 and 17 July 2004 are subject to earnings per share growth in three consecutive accounting periods commencing on or after 26 January 1997 which have been fully satisfied. All other options are subject to earnings per share growth in three consecutive accounting periods, details of which may be found in the Directors Remuneration Report on page 20.

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

	25 January 2003 No. of shares	Options (exercised) or granted No. of shares	31 January 2004 No. of shares	Option price p	Market price on exercise p	Gain on exercise £ 000	Earliest date of exercise	Expiry date
L D Page	-	5,354	5,354	296.0	-	-	1 February 2009	1 August 2009
R S Kelvin	-	5,354	5,354	296.0		-	1 February 2009	1 August 2009

The mid-market price of the ordinary shares at 31 January 2004 was 391.0p and the range during the year was 192.5p to 397.5p. Since 31 January 2004 to 23 March 2004 there have been no changes to the directors interests in share options.

DIRECTORS LONG TERM INCENTIVE SCHEMES

The Company operates the Ted Baker Performance Share Plan (the Plan) which was approved in an Extraordinary General Meeting held on 10 November 1998. On 31 July 2001 the Trustees of the Ted Baker 1998 Employee Benefit Trust made the share awards set out below under the Plan for the three years ended 31 January 2004. Diluted earnings per share rose by a compound rate of 18.4% during the three years resulting in 84% of the total potential award vesting. The shares will be distributed in two equal tranches, one within thirty days of the signing of the Directors report and accounts for the 53 weeks ended 31 January 2004 and the second tranche one year later.

	No. of shares awarded	No. of shares vested
R S Kelvin	57,149	48,005
L D Page	40,004	33,603

DIRECTORS PENSIONS

One director is a member of the money purchase schemes

Contributions paid by the Company in respect of such director were as follows:

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	£ 000	£ 000
L D Page	16	15

8. TAX ON PROFIT ON ORDINARY ACTIVIITES

a) The tax charge comprises:

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	£ 000	£ 000
UK corporation tax 2004: 30% (2003: 30%)	3,847	3,505
Overseas tax	6	
Adjustment in respect of prior periods	123	(134)
	3,976	3,371
Deferred tax — origination and reversal of timing differences	357	(338)
	4,333	3,033

b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30.0%). The differences between the standard rate of corporation tax in the UK and the tax charge for the Group are explained below:

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	£ 000	£ 000
Profit on ordinary activities before taxation	13,909	9,485
Corporation tax in the UK of 30.0% (2003: 30.0%)	4,173	2,846
Effects of:		
Expenses not deductible for tax purposes (2003, primarily impairment charge)	249	450
Statutory deductions for share option costs	(701)	-
Chargeable gain	58	
Capital allowances in excess of depreciation	(114)	61
Foreign losses for which no tax relief is available	209	148
Use of losses brought forward	(21)	
Adjustment in respect of prior periods	123	(134)
Current tax charge for period	3,976	3,371

Factors that may affect future years tax charges:
No deferred tax asset has been recognised on the foreign losses while these businesses are in their development phase.
A recoverable deferred tax asset will be recognised once the businesses are more established. The amount not recognised is £209,000 (2003, 52 weeks: £148,000).

9. PROFIT ATTRIBUTABLE TO TED BAKER PLC

The profit on ordinary activities before taxation dealt with in the accounts of Ted Baker PLC was £4,288,000 (2003, 52 weeks: £3,736,000).

10. DIVIDENDS PAID AND PROPOSED

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	£ 000	£ 000
Interim dividend paid of 3.2p per share (2003: 2.9p)	1,339	1,202
Final dividend proposed of 6.4p per ordinary share (2003: 5.8p)	2,727	2,404
Over provision in prior period	-	(6)
Total dividend 9.6p (2003: 8.7p)	4,066	3,600

11. EARNINGS PER SHARE

	53 weeks ended 31 January 2004 No.	52 weeks ended 25 January 2003 No.
Number of shares:		
Weighted number of ordinary shares outstanding	41,909,936	40,994,540
Effect of dilutive options	927,015	889,034
Weighted number of ordinary shares outstanding — diluted	42,836,951	41,883,574
Earnings:	£ 000	£ 000
Profit for the financial year	9,579	6,556
Less: dividends on own shares	(67)	(40)
Profit — basic and diluted	9,512	6,516
One off charges	-	1,551
Taxation impact of one off charges		(451)
Profit — adjusted	9,512	7,616
Basic earnings per share	22.7p	15.9p
Adjusted basic earnings per share	22.7p	18.6p
Diluted earnings per share	22.2p	15.6p

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

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

One off charges in the 52 weeks ended 25 January 2003 relate to the impairment of fixed assets (£1,551,000).

12. TANGIBLE FIXED ASSETS

	Short leasehold properties £ 000	Fixtures, fittings & office equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost				
At 25 January 2003	14,511	10,721	183	25,415
Additions	2,296	1,710	109	4,115
Disposals	(2,815)	(1,708)	(165)	(4,688)
Exchange rate movement	(117)	(48)	-	(165)
At 31 January 2004	13,875	10,675	127	24,677
Depreciation				
At 25 January 2003	3,916	6,019	105	10,040
Charge for the year	1,244	1,973	68	3,285
Disposals	(1,237)	(1,646)	(128)	(3,011)
Exchange rate movement	(19)	(28)	-	(47)
At 31 January 2004	3,904	6,318	45	10,267
Net book value				
At 25 January 2003	10,595	4,702	78	15,375
At 31 January 2004	9,971	4,357	82	14,410

13. FIXED ASSET INVESTMENTS

a) Subsidiary undertakings – the Company and the Group have shares in the following subsidiary undertakings:

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

+ held directly by Ted Baker PLC

Subsidiary undertakings: Cost and net book value	Company
	£ 000
At 31 January 2004	15,237
At 25 January 2003	15,237

b) Other investments: Cost and net book value	Group	Company
	£ 000	£ 000
At 31 January 2004	-	-
At 25 January 2003	-	-

Other investments relates to 8,793,000 1p ordinary shares in Actif Group PLC which is listed on the Alternative Investment Market. At 31 January 2004 the market value of the shares held by the group was £725,423 (2003, 52 weeks: £549,563).

c) Own shares: Cost and net book value	Group	Company
	£ 000	£ 000
At 25 January 2003	349	471
Additions	694	694
Disposals	(7)	(7)
Movement in provisions	(140)	-
At 31 January 2004	896	1,158

The investment in own shares relates to the Ted Baker Group Employee Benefit Trust (Employee Trust) which holds 338,180 5p ordinary shares and the Ted Baker 1998 Employee Benefit Trust (1998 Trust) which holds 400,782 5p ordinary shares in Ted Baker PLC. The *Employee Trust holds the shares to meet options granted on 25 March 2003 and 10 June 2003 to employees of the Group over 1,789,500* 5p ordinary shares under the 1997 Executive Share Option Scheme. Options are exercisable after 25 March 2006 and 10 June 2006 but on or before 24 March 2013 and 9 June 2013. The 1998 Trust holds the shares to meet share awards made under the Ted Baker Performance Share Plan.

The net assets of the Employee Trust which are included in the accounts are:	31 January 2004	25 January 2003
	£ 000	£ 000
Ted Baker PLC shares at cost	697	10
Other net (liabilities) / assets	(628)	56
	69	66

The trustees of the Employee Trust have agreed to provide the shares required to satisfy the options granted under the Ted Baker 1997 Executive Share Option Scheme. *The market value of the shares owned by the Employee Trust, based on the mid-market price at* 31 January 2004 was £1,1322,088 (2003: £94,047)

The net assets of the 1998 Trust which are included in the accounts are:

	31 January 2004	25 January 2003
	£ 000	£ 000
Ted Baker PLC shares at cost	461	461
Other net assets	127	63
	588	524

The Trustees of the 1998 Trust have agreed to provide the shares required to satisfy the awards made under the Ted Baker Performance Share Plan. The market value of the shares owned by the 1998 Trust, based on the mid-market price at 31 January 2004 was £1,567,058 (2003: £871,701). Neither the Employee Trust nor the 1998 Trust waived any dividend entitlements during the period.

14. STOCKS

	31 January 2004	25 January 2003
	£ 000	£ 000
Raw materials and packaging	2,160	1,938
Work in-progress	805	732
Finished goods and goods for resale	14,356	11,267
	17,321	13,937

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31 January 2004	Group 25 January 2003	Company 31 January 2004	Company 25 January 2003
	£ 000	£ 000	£ 000	£ 000
Trade debtors	5,029	4,148	-	-
Amounts owed by Group undertakings		-	9,064	5,534
Other debtors		-	34	45
Prepayments and accrued income	2,025	2,827	-	-
	7,054	6,975	9,098	5,579

16. CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	Group 31 January 2004	Group 25 January 2003	Company 31 January 2004	Company 25 January 2003
	£ 000	£ 000	£ 000	£ 000
Trade creditors	7,708	6,517	-	-
Taxation and social security	3,776	3,935	3	10
Accruals and deferred income	5,173	3,600	40	47
Proposed dividends	2,727	2,404	2,727	2,404
	19,384	16,456	2,770	2,461

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 31 January 2004	Group 25 January 2003	Company 31 January 2004	Company 25 January 2003
	£ 000	£ 000	£ 000	£ 000
Bank Loan	4,000	4,000	-	-

The bank loan relates to No Ordinary Designer Label Limited and is repayable by 31 July 2005.

18. DEFERRED TAXATION

	Group 31 January 2004	Group 25 January 2003
	£ 000	£ 000
Accelerated capital allowances	*480*	123

	Provided Group
	£ 000
At 25 January 2003	123
Charge to profit and loss account	357
At 31 January 2004	480

19. CALLED UP SHARE CAPITAL

	31 January 2004	25 January 2003
	£ 000	£ 000
Authorised — 80,000,000 ordinary shares of 5p each	4,000	4,000
Allotted, called up and fully paid — 42,612,023 ordinary shares of 5p each (2003: 41,453,690)	2,131	2,072

During the period, 1,158,333 ordinary shares of 5p each were issued for a consideration of £4,005,172.

Options have been granted under the 1997 Executive Share Scheme to subscribe for ordinary shares of the Company as follows.

Numbers of shares under option	*Subscription price per share*	*Exercise Period*
377,778	135p	18 July 2000 to 17 July 2004

20. SHARE CAPITAL AND RESERVES

	Share capital	Share premium account	Other reserves	Profit and loss account	Minority interests
	£ 000	£ 000	£ 000	£ 000	£ 000
a) Group					
At 25 January 2003	2,072	1,412	-	15,411	(60)
Retained profit for the year	-	-	-	5,513	(3)
Shares issued	59	3,946	-	(2,441)	-
Exchange rate movement	-	-	-	(283)	2
At 31 January 2004	2,131	5,358	-	18,200	(61)
b) Company					
At 25 January 2003	2,072	1,412	13,000	2,432	
Retained profit for the year		-	-	217	
Shares issued	59	3,946	-	-	
At 31 January 2004	2,131	5,358	13,000	2,649	

Cumulative goodwill written off to reserves is £Nil (2003: £Nil).

21. RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS FUNDS

	Group 53 weeks ended 31 January 2004	Group 52 weeks ended 25 January 2003	Company 53 weeks ended 31 January 2004	Company 52 weeks ended 25 January 2003
	£ 000	£ 000	£ 000	£ 000
Profit for the financial period	9,579	6,556	4,283	3,720
Dividends paid and proposed	(4,066)	(3,600)	(4,066)	(3,600)
Retained profit for the period	5,513	2,956	217	120
Exchange rate movement	(283)	34	-	-
Shares issued	1,564	225	4,005	442
Net addition to shareholders funds	6,794	3,215	4,222	562
Opening shareholders funds	18,895	15,680	18,916	18,354
Closing shareholders funds	25,689	18,895	23,138	18,916

22. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
	£ 000	£ 000
Operating profit	14,260	9,910
Impairment of fixed assets	-	1,551
Depreciation charges	3,285	3,093
Loss on sale of tangible fixed assets	-	9
Decrease in own shares	140	97
Increase in stocks	(3,435)	(1,654)
Decrease/(increase) in debtors	264	(1,135)
Increase in creditors	1,974	1,1761
Net cash inflow from operating activities	16,488	13,632

23. ANALYSIS OF CASH FLOWS

	53 weeks ended 31 January 2004	52 weeks ended 25 January 2003
a) Capital expenditure and financial investment	£ 000	£ 000
Purchase of tangible fixed assets	*(4,131)*	*(7,949)*
Sale of tangible fixed assets	2,216	-
Net cash outflow	(1,915)	(7,949)

b) Reconciliation of net cashflow to movement in net funds / (debt)

Increase/(decrease) in cash in the period	7,516	(1,067)
Net debt at start of period	(1,222)	(125)
	6,294	(1,192)
Exchange rate movement	(483)	(30)
Net funds / (debt) at end of period	5,811	(1,222)

	At 25 January 2003	Cashflow	Exchange rate movement	At 31 January 2004
c) Analysis of net funds / (debt)	£ 000	£ 000	£ 000	£ 000
Cash at bank and in hand	2,778	7,516	(483)	9,811
Debt due after more than one year	(4,000)	-	-	(4,000)
	(1,222)	7,516	(483)	5,811

24. FINANCIAL COMMITMENTS

a) Capital commitments

The Group has capital commitments of £nil at 31 January 2004 (2003, 52 weeks: £nil) which were not provided in the financial statements.

b) Operating leases

Annual commitments under non-cancellable operating leases are as follows:

	31 January 2004	25 January 2003
Group: Expiry Date	£ 000	£ 000
- within one year	-	-
- between two and five years	1,083	353
- after five years	4,593	4,007
	5,676	4,360

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.

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 £166,000 (2003, 52 weeks: £159,000). Contributions totalling £16,719 (2003 52 weeks: £nil) are included in debtors at the year end. Contributions totalling £nil (2003, 52 weeks: £3,068) are included in creditors at the year end.

25. FINANCIAL INSTRUMENTS

Details of financial risk management, treasury policies and use of financial instruments are set out in the Finance Director's Report on page 8.

a) Financial assets

The interest rate profile of the financial assets of the Group is as follows

i) 31 January 2004	Financial assets on which no interest received	*Floating rate* financial assets	Total
Currency	£ 000	£ 000	£ 000
Sterling	17	6,824	6,841
US Dollar	7	2,372	2,379
Euro	4	489	493
Other	4	94	98
	32	9,779	9,811

ii) 25 January 2003

Currency	Financial assets on which no interest received £ 000	Floating rate financial assets £ 000	Total £ 000
Sterling	20	1,967	1,987
US Dollar		493	493
Euro		265	265
Other		33	33
	20	2,758	2,778

Financial assets comprise cash and short term deposits. Short term debtors are excluded. There were no fixed rate financial assets at 31 January 2004 or 25 January 2003. Financial assets on which no interest is received are due on demand. Floating rate financial assets attract interest based on local prevailing rates.

b) Financial liabilities

The interest rate profile of the financial liabilities of the Group at 31 January 2004 is as follows:

	31 January 2004 £ 000	25 January 2003 £ 000
Loan	4,000	4,000

Both the sterling overdraft and loan bear floating rates of interest linked to the UK base rate. Foreign currency overdrafts bear floating rates of interest linked to the relevant country's reference rate. The profile of the loan is matched by a fixed interest rate swap at a fixed *rate of interest at 4.99% (excluding bank margin).*

c) Currency exposure

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

i) 31 January 2004

	Functional currency of operation		
Net foreign currency monetary assets	Sterling £ 000	US Dollars £ 000	Total £ 000
Sterling	-	-	-
US Dollar	1,529		1,529
Euro	377		377
Other	76	-	76
	1,982	-	1,982

ii) 25 January 2003

	Functional currency of operation		
Net foreign currency monetary assets	Sterling £ 000	US Dollars £ 000	Total £ 000
Sterling	-	-	-
US Dollar	498	-	498
Euro	248	-	248
Other	67	-	67
	813	-	813

d) Borrowing facilities

Committed borrowing facilities of £9,000,000 (2003, 52 weeks: £7,500,000) and a loan of £4,000,000 (2003, 52 weeks: £4,000,000) were available to the Group at 31 January 2004 in respect of which all conditions precedent have been met. At 31 January 2004 the borrowing facilities were unutilised (2003, 52 weeks: unutilised) and the loan was drawn down to the level of £4,000,000 (2002: £4,000,000). The £9,000,000 borrowing facility expires within one year and the £4,000,000 loan expires within two years.

e) Fair values

There is no material difference between the book value and the fair value of the Group s financial assets and liabilities. An unrecognised loss on forward foreign exchange contracts of £478,706 (2003 loss: £74,362) is expected to be recognised in one year or less.

FIVE YEAR SUMMARY

	52 weeks ended 29 January 2000	52 weeks ended 27 January 2001 (Restated)	52 weeks ended 26 January 2002	52 weeks ended 25 January 2003	53 weeks ended 31 January 2004
	£ 000	£ 000	£ 000	£ 000	£ 000
RESULTS					
Turnover	36,737	46,999	62,095	70,188	88,842
Operating profit before exceptional costs	7,863	8,363	9,955	11,461	14,260
Profit on ordinary activities before taxation	7,871	8,155	9,436	9,485	13,909
Profit for the financial year	5,698	5,673	6,515	6,556	9,579
ASSETS EMPLOYED					
Fixed assets	9,090	12,274	12,613	15,724	15,306
Net current assets	1,061	145	7,571	7,234	14,802
Creditors: amounts falling due after more than one year	(200)		(4,000)	(4,000)	(4,000)
Provisions for liabilities and charges	(35)		(461)	(123)	(480)
NET ASSETS	9,916	12,419	15,723	18,835	25,628
Financed by :					
Shareholders' funds	9,871	12,356	15,680	18,895	25,689
Minority interest	45	63	43	(60)	(61)
	9,916	12,419	15,723	18,835	25,628
KEY STATISTICS					
Basic earnings per share	14.1p	13.9p	15.9p	15.9p	22.7p
Adjusted basic earnings per share	14.1p	13.9p	16.5p	18.6p	22.7p
Diluted earnings per share	13.5p	13.4p	15.5p	15.6p	22.2p
Dividends per share	6.3p	7.0p	7.8p	8.7p	9.6p
Dividend cover	2.2 times	2.0 times	2.0 times	1.8 times	2.4 times
Return on capital employed	85.0%	54.5%	62.9%	57.6%	73.3%

NOTICE OF MEETING

Notice is hereby given the 2004 Annual General Meeting of Ted Baker PLC will be held at The Ugly Brown Building, 6a St. Pancras Way, London NW1 0TB on 17 June 2004 at 11:00 am when the following business will be transacted:

ORDINARY BUSINESS

1. To receive, and if thought fit, to adopt the directors' report and accounts for the 53 weeks ended 31 January 2004 with the report of the auditors thereon.
2. To approve the remuneration report of the directors set out in the report and accounts for the 53 weeks ended 31 January 2004.
3. To declare a final dividend on the ordinary shares.
4. To re-elect Lindsay Page as a director of the Company.
5. To re-elect Robert Breare as a director of the Company.
6. Allotment of shares:

   To consider, and if thought fit, pass the following resolution as an Ordinary Resolution:

   "That the directors be and are hereby authorised in accordance with and subject to the terms of Article 5 of the Company's Articles of Association to allot relevant securities up to an aggregate nominal amount of £710,200."
7. To re-appoint KPMG Audit Plc as auditors to the Company.
8. To authorise the directors to determine the auditors remuneration.
9. *Disapplication of pre-emption rights:*

   To consider, and if thought fit, pass the following resolution as a Special Resolution:

"That subject to Resolution 6 set out in the Notice of Annual General Meeting convening this meeting being passed and pursuant to and in accordance with the authority thereby granted, the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to such authority as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

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

(B) to the allotment of equity securities (otherwise than pursuant to sub-paragraph (A) above) up to an aggregate nominal value of £106,530;

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

By order of the Board — C.F. Anderson - Secretary, 9 May 2004.

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

Notes:

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

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

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

4. Pursuant to Regulation 41 of Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 11.00 a.m. on 15 June 2004 shall be entitled to attend or vote at the above Annual General Meeting in respect of the number of shares registered in their name at the time. Changes to entries on the Register of Members after that time will be disregarded in determining the rights of the person to attend or vote at the meeting.

5. The amount of relevant securities for which authority to allot is sort under Resolution 6 represents 33.3 per cent of the total ordinary share capital in issue of the Company and the amount of equity securities for which this application of pre-emption rights is sought under resolution 9 (B) represents 5 per cent of the total ordinary share capital in issue of the Company.

FORM OF PROXY

I/We ....

Of ....

being (a) member(s) of Ted Baker PLC HEREBY APPOINT the chairman of the meeting or (see note 2)

....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at The Ugly Brown Building, 6a St Pancras Way, London NW1 0TB on 17 June 2004 at 11.00am and at any adjournment thereof.

SIGNED .... this day of 2004

Signature ....

Name in full (BLOCK CAPITALS) ....

Initials and surnames of joint holders (if any)

Name .... Name ....

Name .... Name ....

Please indicate with an X in the space [below] [overleaf] how you wish your votes to be cast. On receipt of this form duly signed, but without specific directions and in respect of any other motion (including a motion to adjourn), the proxy will exercise his discretion as to how he votes and as to whether or not he abstains from voting.

	For	Against
Resolution 1 — To adopt the report and accounts		
Resolution 2 — To approve the remuneration report		
Resolution 3 — To declare a final dividend		
Resolution 4 — To re-elect Lindsay Page as a director		
Resolution 5 — To re-elect Robert Breare as a director		
Resolution 6 — To authorise the directors to allot relevant securities		
Resolution 7 — To re-appoint KPMG Audit Plc as auditors		
Resolution 8 — To authorise the directors to determine the auditors' remuneration		
Resolution 9 — To disapply the statutory pre-emption rights		

Notes:

1. To be effective this form of proxy and the power of attorney or other authority (if any) under which it is signed must be lodged at the office of the registrars of the Company (Capita IRG plc, at the address printed below) not later than 48 hours before the meeting or any adjournment thereof. Completion and return of this form of proxy will not prevent you from attending and voting at the meeting in person, should you so wish.

2. The Chairman of the meeting has been inserted as willing to act as proxy for members unable to be present in person, but the form may be used for the appointment of any other person by deleting the Chairman of the meeting and inserting the name and address of the person whom it is desired to appoint in the space provided. A proxy need not be a member.

3. Any alteration in this form of proxy should be initialled.

4. If the appointer is a corporation this form of proxy must be under its common seal, or under the hand of any officer or attorney duly authorised on its behalf.

5. *In the case of joint holders, the signature of the first named on the Register of Members will be accepted to the exclusion of the directions or votes of the other joint holder(s).*

If you wish to vote by proxy fill in this form, fold it up, put it into an envelope, then post back to the following address so as to be received by the latest time permitted above: Capita IRG PLC, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU