



TED BAKER PLC
COMPANY NUMBER: 03393836

FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 28 JANUARY 2017



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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.

Strategic Report

Chairman's Statement

I am pleased to report that Group revenue increased by 16.4% (10.8% in constant currency)¹ to £531.0m (2016: £456.2m) and profit before tax and exceptional items² increased by 12.1% to £65.8m (2016: £58.7m)² for the 52 weeks ended 28 January 2017 (the "period"). This good performance reflects the strength of the Ted Baker brand and business model and was achieved despite a backdrop of on-going external factors which have impacted trading across all of our markets. In particular, we have seen increased levels of promotional activity and a fall in international tourism in North America, and the trading environment continued to be challenging in Asia.

The retail channel performed well, with retail sales including e-commerce up 15.0% (9.2% in constant currency)¹ to £400.7m (2016: £348.4m) on an increase in average square footage of 8.5%. Our e-commerce business is an integral and increasingly important component within our retail proposition and has performed very well, delivering strong sales growth of 35.1% (32.3% in constant currency)¹ to £72.3m (2016: £53.5m). We continued our geographic expansion with openings across the UK and Europe, North America and Asia and we continue to invest and build brand awareness in our newer markets for the long-term development of the brand.

The wholesale channel delivered a strong performance, with sales up 20.9% (15.9% in constant currency)¹ to £130.3m (2016: £107.7m). This reflects a good performance from our UK wholesale business, which includes the supply of goods to our licensed stores and our export business, as well as a strong performance from our North American wholesale business.

Our territorial and product licences delivered strong performances, as licence income increased by 26.8% to £18.2m (2016: £14.4m). During the period, our licence partners opened stores and concessions in Azerbaijan, Dubai, Egypt, Indonesia, Mexico and Taiwan. We also opened our first stores in Bahrain and Vietnam and are pleased with their performances so far.

During the period, we successfully launched the next phase of the Microsoft Dynamics AX system across our North American business. We will continue the roll-out of the next phases of the project to our other territories over the coming months, which will allow us to enhance efficiency, streamline our operations and support the evolution of the business.

In October 2016, we took our first delivery of inventory into our new European distribution centre in the UK and have successfully transitioned one of our legacy warehouses into this facility with the remaining two to complete in the coming months. The European distribution centre will handle all operations for our retail, wholesale and e-commerce businesses across the UK and Europe, supporting our long-term growth strategy.

Having completed the purchase of the iconic Ugly Brown Building in the prior period, the Group continues to consider its expansion and development opportunities. The Group has extended the term of its option to purchase 50% of neighbouring Block A to 31 May 2017.

Financial Results

Group revenue for the period increased by 16.4% (10.8% in constant currency)¹ to £531.0m (2016: £456.2m). The Group gross margin increased to 61.0% (2016: 59.9%) as a result of improved full price sell-through in our retail channel and an improved mix of wholesale sales to trustee customers, as well as some foreign exchange benefits.

Profit before tax and exceptional items² increased by 12.1% to £65.8m (2016: £58.7m) and profit before tax increased by 4.4% to £61.3m (2016: £58.7m). Adjusted basic earnings per share, which excludes exceptional items, increased by 13.3% to 114.0p (2016: 100.6p) and basic earnings per share increased by 5.1% to 105.7p (2016: 100.6p).

Exceptional items in the period of £4.5m (2016: £nil) include a provision for lease commitments relating to the Group's legacy warehouses of £2.9m along with £0.7m of other closure costs and £0.9m in respect of closure costs for a concept store in London. There were no exceptional items in the previous period.

The Group's net borrowing position at the end of the period was £95.2m (2016: £84.6m). This reflects the secured term loan of £58.5m (2016: £60.0m) used to purchase The Ugly Brown Building and other net debt

of £36.7m (2016: £24.6m). The increase in other net debt reflects the on-going capital expenditure during the period and increased working capital in line with the Group's growth.

Dividends

The Board is recommending a final dividend of 38.8p per share (2016: 34.6p), making a total for the period of 53.6p per share (2016: 47.8p per share), an increase of 12.1% on the prior period. Subject to approval by shareholders at the Annual General Meeting to be held on 13 June 2017, the final dividend will be paid on 23 June 2017 to shareholders on the register on 19 May 2017.

People

I would like to take this opportunity to thank all of my colleagues across the world for their continued hard work and commitment. The performance in the period is testament to our talented teams, whose commitment and passion are key to our success as we continue to grow the business and develop Ted Baker as a global lifestyle brand.

Current Trading and Outlook

Retail

In the UK and Europe, we plan to open a new store in each of Oxford and Paris, an outlet in Gloucester and our first Dutch outlet in Roermond, along with further concessions in the UK, France, Germany and the Netherlands. We will continue to invest in our e-commerce sites to enhance customer experience.

In North America, we will continue to develop our presence with plans to open stores in Los Angeles and Houston, and relocate our Miami Aventura store. We also plan to open new concessions in Canada with a premium department store.

In Asia, we remain focused on building brand awareness, where we are still in the relatively early stages of investment. In line with our development strategy in this territory, we have relocated a store in Tokyo and plan to open a further store in Shanghai and new concessions in Japan and South Korea.

Wholesale

We anticipate further growth across our wholesale businesses, which should result in high single-digit sales growth (in constant currency)¹ in the coming period.

Licence Income

Our product and territorial licences continue to perform well, with further store openings planned in Australia, Dubai, Kuwait, Lebanon, Mexico, Qatar, Saudi Arabia and Turkey along with our first store in India.

Group

Trading across our markets continues to be impacted by on-going external factors. We have a clear strategy for the continued expansion of Ted Baker as a global lifestyle brand across both established and newer markets. This is underpinned by our controlled distribution across channels as well as the design, quality and attention to detail that are at the core of everything we do.

To deliver our expansion plans, capital expenditure in the new financial period is planned to be at £35.0m (2017: £43.8m). This relates to continued investment in the new European distribution centre, further store openings and refurbishments, and the on-going investment in new IT systems across the business.

Ted Baker's business model, as well as the strength of the brand and collections, support our confidence in the Group's continued development and further growth.

We intend to make our trading statement covering trading from the start of the financial period in mid-June 2017.

David Bernstein CBE

Non-Executive Chairman
23 March 2017

Notes:

¹ Constant currency variances are calculated by applying the previous financial period foreign exchange rates to current period results in overseas subsidiaries to remove the impact of exchange rate fluctuations.

² Exceptional items are excluded from profit before tax and exceptional items due to these items being one-off and material in nature.

The Directors believe these measures provide a consistent and comparable view of the underlying performance of the Group's on-going business.

Business model and strategy

Ted Baker has grown steadily from its origins as a single shirt specialist store in Glasgow to the global lifestyle brand it is today. In order to protect the ethos and persona for which we have gained an enviable reputation, we always ask ourselves the question: "Would Ted do it that way?"

Product

Ted Baker is a quintessentially British brand with a quirky yet commercial fashion offering that prides itself in always being able to satisfy the needs of our customer. Our approach is focused on unwavering attention to detail and firm commitment to quality.

We offer a wide range of collections including: Menswear; Womenswear; Global; Phormal; Endurance; Accessories; Bedding; Childrenswear; Crockery; Eyewear; Footwear; Fragrance and Skinwear; Gifting and Stationery; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Technical Accessories; Tiles; and Watches.

The menswear collection is a reflection of popular contemporary culture, with a sense of style and humour mixed in. It also includes our Phormalwear range, offering a number of distinctive suiting collections that combine heritage British tailoring with a modern outlook. The womenswear collection is a fresh and feminine mix of European elegance with London flair, and is a celebration of beauty, individuality and exquisite attention to detail.

Distribution channels

The brand operates through three main distribution channels: retail, which includes e-commerce; wholesale; and licensing, which includes territorial and product licences. We want our customer to enjoy a seamless experience regardless of how they choose to shop and interact with the brand.

The retail channel comprises stores, concessions and e-commerce, which is now an integral part of our retail experience. We operate stores and concessions across the UK, Europe, North America and Asia, and localised e-commerce sites for the UK, Europe, US, Canada and Australia. We also have e-commerce businesses with some of our concession partners.

Stores and concessions are designed to showcase the brand's unique style of retail theatre and to ensure our customers enjoy a welcoming and pleasurable shopping experience. Each store boasts a fully bespoke design that's full of innovative and distinctive touches.

E-commerce enables us to offer our customers access to an extended product range and provides us with a means to talk directly with our customers and engage them with the brand in non-traditional ways. We focus on ensuring that we provide a user-friendly online brand and shopping experience across multiple devices.

The wholesale business in the UK serves countries across the world, primarily in the UK and Europe, as well as supplying products to stores operated by our territorial licence partners. In addition, we operate a wholesale business in North America serving the US and Canada. Our wholesale partners ("Trustees") are custodians of our collections and uphold our brand integrity by ensuring that their retail environment and brand adjacencies are in keeping with the profile and positioning of the brand. We have built up strong relationships with some of the best independent retailers and department stores around the world.

We operate both territorial and product licences. Our licence partners are all experts in their field and share our passion for unwavering attention to detail and firm commitment to quality.

Territorial licences cover specific countries or regions in Asia, Australasia, Europe, the Middle East and North America, where our partners operate licensed retail stores and, in some territories, wholesale operations.

Product licences cover: Bedding; Childrenswear; Crockery; Eyewear; Footwear; Fragrance and Skinwear; Gifting and Stationery; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Technical Accessories; Tiles; and Watches.

Geographic reach

Ted Baker is a truly global lifestyle brand with 490 stores and concessions worldwide, comprising of 192 in the UK, 98 in Europe, 111 in the US and Canada, 80 in the Middle East, Africa and Asia and 9 in Australasia.

The Group opened its first shop in the UK in Glasgow in 1988 and has since established itself in all the major fashion centres in the UK. We have also built a growing presence in Europe with stores and concessions in Belgium, France, Germany, Ireland, the Netherlands, Portugal, and Spain. Our e-commerce and wholesale businesses complement our locations in Europe.

In 1998, the Group opened its first store in North America in New York. Since then, the Group has established a presence across the USA from the East to West coasts and into Canada through both own stores and concessions. In addition, the Group has a standalone e-commerce site in North America that is localised to each of Canada and the US, and a rapidly growing wholesale business.

As part of our strategy to invest for the longer-term development of the brand, we have launched the brand in Asia with stores and concessions in China, Hong Kong, Japan and Korea. We also understand the growing desire of our customers to buy our products online and trade on renowned local websites in this region.

Through our territorial licences we also trade in many other countries across Africa, Australasia and the Middle East.

Strategy

Our strategy is to enhance our position as a leading global lifestyle brand by the continuous development of three main elements of our business model:

- considered extension of the Ted Baker collections to achieve our brand growth potential. We review our collections continually to ensure we anticipate and 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
- further international growth through 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, delivered by the passion, commitment and skill of our teams, licence partners and wholesale customers.

Key Performance Indicators

We review the on-going performance of the business using key performance indicators.

The Key Performance Indicators ("KPI's") that the Directors judge to be most effective in assessing progress against the Group's objectives and strategy have been detailed below and are considered throughout the Strategic Report.

	Key Performance Indicator	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016	Variance	Constant currency variance ¹
Group	Revenue	£531.0m	£456.2m	16.4%	10.8%
	Gross margin	61.0%	59.9%		
	Profit before tax (excluding exceptional items) as a % of revenue	12.4%	12.9%		
	Operating contribution (excluding exceptional items) % ²	12.6%	13.0%		
	Operating contribution (including exceptional items) % ²	11.8%	13.0%		
Retail	Revenue	£400.7m	£348.4m	15.0%	9.2%
	E-Commerce	£72.3m	£53.5m	35.1%	32.3%
	Gross margin	66.1%	64.8%		
	Average square footage ³	387,373	357,096	8.5%	
	Closing square footage ³	395,088	377,830	4.6%	
	Sales per square foot excluding e-commerce	£848	£826	2.7%	(3.2%)
Wholesale	Revenue	£130.3m	£107.7m	20.9%	15.9%
	Gross margin	45.1%	43.8%		
Licence income	Revenue	£18.2m	£14.4m	26.8%	
Group	Operating cashflow per share ⁴	118.4p	93.3p	26.9%	
	Working capital ⁵	£136.8m	£113.5m	20.5%	

¹ Constant currency variances are calculated by applying the previous financial period foreign exchange rates to current period results in overseas subsidiaries to remove the impact of exchange rate fluctuations

² Operating contribution is defined as operating profit as a percentage of revenue

³ Excludes licensed partner stores

⁴ Operating cashflow per share is defined as net cash generated from operating activities divided by the weighted number of ordinary shares (diluted)

⁵ Working capital comprises inventories, trade and other receivables and trade and other payables

Business Review

Distribution channels

The brand operates through three main distribution channels: retail, which includes e-commerce; wholesale; and licensing, which includes territorial and product licences. As part of our strategy we look to further develop each of these routes to market, whilst ensuring the controlled distribution of our product.

Retail

Our retail channel comprises stores, concessions and e-commerce, which is now an integral part of our retail experience. We operate stores and concessions across the UK, Europe, North America and Asia, and localised e-commerce sites for the UK, Europe, US, Canada and Australia. We also have e-commerce businesses with some of our concession partners.

The retail division performed well, with sales up 15.0% (9.2% in constant currency)¹ to £400.7m (2016: £348.4m) despite a challenging trading environment across our global markets. The growth was driven by continued investments in new and existing stores and a strong e-commerce performance, where sales grew by 35.1% (32.3% in constant currency)¹ to £72.3m (2016: £53.5m) and represented 18.0% (2016: 15.4%) of our total retail sales.

We continue to develop our retail proposition with further investment in each of our e-commerce sites, aiming to provide a more relevant customer experience through improved design, performance and personalised content. During the period, we launched our first language specific e-commerce sites for France and Germany and have been pleased with their performance.

Average retail square footage rose by 8.5% over the period to 387,373 sq ft (2016: 357,096 sq ft). Total retail square footage at 28 January 2017 was 395,088 sq ft (2016: 377,830 sq ft), an increase of 4.6% on the prior period. Retail sales excluding e-commerce per square foot rose 2.7% (-3.2% in constant currency)¹ to £848 (2016: £826).

The retail gross margin increased to 66.1% (2016: 64.8%), primarily reflecting an improved full price sell-through in our retail channel, as well as some foreign exchange benefits.

Retail operating costs increased 24.3% (17.0% in constant currency)¹ to £203.3m (2016: £163.5m) and as a percentage of retail sales, increased to 50.7% (2016: 46.9%). An element of the increase in retail operating costs is due to dual running costs arising from the new European distribution centre, and some store pre-opening costs in our North American market.

Wholesale

Our wholesale business in the UK serves countries across the world, primarily in the UK and Europe, as well as supplying products to stores operated by our territorial licence partners. In addition, we operate a wholesale business in North America serving the US and Canada.

Group wholesale sales increased by 20.9% (15.9% in constant currency)¹ to £130.3m (2016: £107.7m), reflecting a good performance from our UK wholesale business, with sales increasing by 10.4% to £86.1m (2016: £78.0m), and a strong performance from our North American wholesale business, with sales increasing by 48.8% (30.7% in constant currency)¹ to £44.2m (2016: £29.7m).

The wholesale gross margin increased to 45.1% (2016: 43.8%), which was principally the result of a greater proportion of wholesale sales to our trustee partners which carry a higher margin, as well as some foreign exchange benefits.

Licence income

We operate both territorial and product licences. Our licence partners are all experts in their field and share our passion for unwavering attention to detail and firm commitment to quality.

Our territorial licences cover specific countries or regions in Asia, Australasia, Europe, the Middle East and North America, where our partners operate licensed retail stores and, in some territories, wholesale operations.

Our product licences cover: Bedding; Childrenswear; Crockery; Eyewear; Footwear; Fragrance and Skinwear; Gifting and Stationery; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Technical Accessories; Tiles; and Watches.

Both territorial and product licences delivered good performances, with licence income up 26.8% to £18.2m (2016: £14.4m). There were notable performances from our product licencees in Childrenswear, Eyewear, Footwear, Homeware, Skinwear and Suiting.

In July 2016, we opened our first store in Vietnam with our new licence partner Maison, and we are encouraged by the performance to date. In November 2016, we opened our first store in Bahrain, and are pleased by the performance so far.

Collections

Ted Baker Womenswear delivered a good performance with sales up 19.7% to £304.3m (2016: £254.1m). Womenswear represented 57.3% of total sales (2016: 55.7%).

Ted Baker Menswear performed well with sales up 12.2% to £226.7m (2016: £202.1m). Menswear represented 42.7% of total sales in the period (2016: 44.3%).

Geographic Performance

United Kingdom and Europe

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016	Variance	Constant currency variance ¹
Total retail revenue*	£279.5m	£252.5m	10.7%	8.4%
E-commerce revenue	£61.1m	£46.8m	30.6%	29.8%
Average square footage*	246,826	236,685	4.3%	
Closing square footage*	250,624	244,007	2.7%	
Sales per square foot including e-commerce sales	£1,132	£1,067	6.1%	3.9%
Sales per square foot excluding e-commerce sales	£885	£869	1.8%	(0.8%)
Wholesale revenue	£86.1m	£78.0m	10.4%	
Own stores	36	38		
Concessions	237	224		
Outlets	14	13		
Partner stores	3	3		
Total	290	278		

* Excludes licensed partner stores

Retail sales in UK and Europe increased by 10.7% to £279.5m (2016: £252.5m) (8.4% in constant currency)¹ despite tough trading conditions and the impact of terrorism in northern Europe.

Our e-commerce business performed very well during the period with sales increasing by 30.6% to £61.1m (2016: £46.8m). E-commerce sales are an integral part of the retail proposition in the UK and European markets. We launched our first language specific sites for France and Germany and are pleased with their performance.

As a percentage of UK and Europe retail sales, e-commerce sales represented 21.9% (2016: 18.5%).

During the period, we opened an outlet in Madrid, Spain and further concessions with premium department stores in the UK, France, Germany and Spain. We closed two stores, one in the UK and one in France. We are pleased with the performance of the new openings and remain positive about further growth opportunities for our brand in these markets.

Sales from our UK wholesale division increased by 10.4% to £86.1m (2016: £78.0m) reflecting a good performance from sales to Trustees, which include our wholesale export business and the supply of product to our retail licence partners.

North America

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016	Variance	Constant currency variance ¹
Total retail revenue*	£103.4m	£80.6m	28.3%	13.0%
E-commerce revenue	£9.8m	£6.6m	48.5%	31.2%
Average square footage *	112,110	94,496	18.6%	
Closing square footage *	116,590	106,471	9.5%	
Sales per square foot including e-commerce sales	£922	£853	8.1%	(4.7%)
Sales per square foot excluding e-commerce sales	£835	£784	6.5%	(6.1%)
Wholesale revenue	£44.2m	£29.7m	48.8%	30.7%

Own stores	31	25		
Concessions	55	55		
Outlets	11	10		
Partner Stores	14	7		
Total	111	97		

* Excludes licensed partner stores

We are very pleased with our progress across both the retail and wholesale channels in North America, despite well documented challenges facing the North American retail market, which has seen increased levels of promotional activity and a fall in international tourism. This has resulted in a challenging environment not only for our stores but also for our key trading partners. However, we remain confident that the Ted Baker brand is becoming more established and continuing to gain recognition in this territory.

Sales from our retail division in North America increased by 28.3% to £103.4m (2016: £80.6m) (13.0% in constant currency)¹. During the period, we continued our expansion with new stores in Atlanta, Miami, New York, Seattle and relocated our Dallas store, and we opened new stores in Calgary, Ottawa and an outlet in Vancouver. We also opened seven concessions in Mexico with our licence partner. We closed one store in New York.

Our e-commerce businesses delivered strong performances with sales increasing 48.5% to £9.8m (31.2% in constant currency)¹. As a percentage of North America retail sales, e-commerce sales represent 9.5% (2016: 8.2%).

Sales from our North American wholesale business increased by 48.8% to £44.2m (2016: £29.7m) (30.7% in constant currency)¹ reflecting the brand's increased appeal and recognition in this territory.

Middle East, Asia, Africa and Australasia

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016	Variance	Constant currency variance ¹
Total retail revenue	£17.8m	£15.4m	15.6%	2.6%
E-commerce revenue	£1.4m	-		
Average square footage *	28,438	25,915	9.7%	
Closing square footage *	27,874	27,352	1.9%	
Sales per square foot including e-commerce sales	£625	£593	5.4%	(6.5%)
Sales per square foot excluding e-commerce sales	£576	£593	(2.9%)	(14.0%)
Own stores	8	8		
Concessions	15	8		
Outlets	3	3		
Partner stores	63	54		
Total	89	73		

* Excludes licensed partner stores

We continue to develop the Ted Baker brand across the Middle East, Asia and Australasia through our retail and licensing channels.

We remain positive about the long-term opportunities in Asia. However, as has been widely reported, the trading environment continues to be challenging. Retail sales in Asia increased 15.6% to £17.8m (2016: £15.4m) (2.6% in constant currency)¹. In Hong Kong, we relocated one store; in China, we opened a store in Beijing and four further concessions; and in Japan, we opened three concessions and closed one store in Tokyo, which has been relocated since the period end. During the period, we launched online concession businesses in China and Japan, and we are pleased with the early reaction to these sites.

During the period, our Middle Eastern licence partners performed particularly well and opened stores in each of Azerbaijan, Dubai and Egypt and our first store in Bahrain. Our South East Asian licence partner opened a store in Indonesia, and a new licence partner store opened in Vietnam. We opened two stores in Taiwan and closed one. As at 28 January 2017, our licence partners operated 54 stores and concessions across the Middle East, South East Asia, and Africa (2016: 45).

The joint venture with our Australasian licence partner, Flair Industries Pty Ltd, continued to perform well. As at 28 January 2017, we operated 9 stores in Australasia (2016: 9 stores).

Notes:

¹ Constant currency variances are calculated by applying the previous financial period foreign exchange rates to current period results in overseas subsidiaries to remove the impact of exchange rate fluctuations.

The Directors believe this measure provides a consistent and comparable view of the underlying performance of the Group's on-going business.

Financial Review

Revenue and Gross Margin

Group revenue increased by 16.4% (10.8% in constant currency)¹ to £531.0m (2016: £456.2m), driven by a 15.0% (9.2% in constant currency)¹ increase in retail sales to £400.7m (2016: £348.4m) and a 20.9% (15.9% in constant currency)¹ increase in wholesale sales to £130.3m (2016: £107.7m).

The gross margin for the Group increased to 61.0% (2016: 59.9%) as a result of improved full price sell-through in our retail channel and an improved mix of wholesale sales to trustee customers, as well as some foreign exchange benefits.

Operating Expenses Pre-Exceptional items²

Distribution costs increased by 22.7% (15.5% in constant currency)¹ to £208.2m (2016: £169.8m) and as a percentage of sales increased to 39.2% (2016: 37.2%). An element of the increase in distribution costs is due to dual running costs arising from the new European distribution centre, and some store pre-opening costs in our North American market.

Administration expenses excluding exceptional costs² increased by 14.2% (10.6% in constant currency)¹ to £65.6m (2016: £57.4m). Excluding the employee performance related bonus of £nil (2016: £2.7m), administration expenses rose by 19.8% due to growth of our central functions, both in the UK and overseas, and the continued deployment of our information technology infrastructures to support our growth.

Dual running costs incurred in respect of our new European distribution centre and the systems roll-out were £4.0m in the period.

Profit Before Tax

Profit before tax and exceptional items² increased by 12.1% to £65.8m (2016: £58.7m) and profit before tax increased by 4.4% to £61.3m (2016: £58.7m).

Exceptional Items

Exceptional items in the period of £4.5m (2016: £nil) include a provision for lease commitments relating to the Group's legacy warehouses of £2.9m along with £0.7m of other closure costs and £0.9m in respect of closure costs for a concept store in London. There were no exceptional items in the previous period.

Finance Income and Expenses

Net interest payable during the period was £2.9m (2016: £1.4m). The increase was largely due to interest payable on the term loan that financed the purchase of the freehold of The Ugly Brown Building.

The net foreign exchange gain during the period of £1.1m (2016: £nil) was due to the translation of monetary assets and liabilities denominated in foreign currencies following the devaluation of sterling that followed the UK's EU referendum result.

Taxation

The Group tax charge for the period was £14.7m (2016: £14.4m), an effective tax rate of 24.0% (2016: 24.6%). This effective tax rate is higher than the UK tax rate for the period of 20% largely due to higher overseas tax rates and to the non-recognition of losses in overseas territories where the businesses are still in their development phase. The UK corporation tax rate will reduce to 19% from 1 April 2017 and 17% from 1 April 2020.

Our closing UK deferred tax assets and liabilities have been measured at 19% based on the corporation tax rate at which they are anticipated to unwind and overseas deferred tax assets and liabilities have been measured at the applicable overseas tax rates.

Our future effective tax rate is expected to be higher than the UK tax rate as a result of a growing proportion of overseas profits arising in jurisdictions with higher tax rates than the UK.

Cash Flow

The net decrease in cash and cash equivalents of £13.5m (2016: £5.9m) primarily reflected an increase in working capital and further capital expenditure to support our long-term development.

Total working capital, which comprises inventories, trade and other receivables and trade and other payables, increased by £23.3m to £136.8m (2016: £113.5m). This was mainly driven by an increase in

inventories of £33.2m to £158.5m (2016: £125.3m) reflecting the growth of our business, stock on hand for our wholesale customers and licence partners, and earlier phasing of stock deliveries at the end of the financial period due to the timing of Chinese New Year, which fell at the end of the period. In addition to this, inventory has increased due to the impact of foreign exchange rates on the translation of inventory in overseas subsidiaries.

Income taxes paid decreased by £2.5m to £10.6m (2016: £13.1m). This was largely due to accelerated tax deductions on US store openings and refurbishments.

Group capital expenditure of £43.8m (2016: £89.5m including £58.0m relating to the purchase of The Ugly Brown Building) relates to the opening and refurbishment of stores, concessions and outlets, the fit-out of our new European distribution centre and the on-going investment in business-wide IT systems to support our continued growth.

The Group's net borrowing position at the end of the period was £95.2m (2016: £84.6m).

Shareholder Return

Basic earnings per share increased by 5.1% to 105.7p (2016: 100.6p). Adjusted earnings per share, which exclude exceptional items², increased by 13.3% to 114.0p (2016: 100.6p).

The proposed final dividend of 38.8p per share will make a total for the period of 53.6p per share (2016: 47.8p per share), an increase of 12.1% on the previous period.

Operating cash flow per share was 118.4p (2016: 93.3p) and reflected an increase in cash generated from operating activities.

Borrowing Facilities

During the period, the Group agreed an extension of its multi-currency revolving credit facility with The Royal Bank of Scotland and Barclays. A new agreement was signed on 31 May 2016 which increased the Group's committed borrowing facility from £85m to £110m expiring in March 2018. The increase is a function of the growth in our business and is necessary to fund capital expenditure to support the Group's long-term strategy.

In the prior period, the Group entered into a five year £60m secured term loan, in addition to the existing multi-currency revolving credit facility with The Royal Bank of Scotland and Barclays. The term loan is amortised over fifteen years and the proceeds were used to finance the purchase of The Ugly Brown Building.

The facility and term loan contain appropriate financial covenants that are tested on a quarterly basis. The Group monitors actual and prospective compliance with these on a regular basis.

Treasury Risk 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, which allows for foreign currency to be hedged for up to 24 months in advance. The balance of purchases is hedged naturally as the business operates internationally and income is generated in the local currencies.

In June 2016, ahead of the UK referendum on Brexit, the Group extended its hedging arrangements for US Dollars to April 2018. At the balance sheet date, the Group has hedged its projected commitments in respect of the period ending 27 January 2018 as well as a proportion of its requirements for the following period.

The Group is exposed to movements in UK interest rates as both the revolving credit facility and term loan accrue interest based on LIBOR plus a fixed margin.

During the period, the Group entered into interest rate swap agreements, fixing £30.0m of the floating rate net debt.

Notes:

¹ Constant currency variances are calculated by applying the previous financial period foreign exchange rates to current period results in overseas subsidiaries to remove the impact of exchange rate fluctuations.

² Exceptional items are excluded from profit before tax and exceptional items due to these items being one-off and material in nature.

³ Exceptional items are excluded from adjusted earnings per share due to these items being one-off and material in nature.

The Directors believe these measures provide a consistent and comparable view of the underlying performance of the Group's on-going business.

Principal Risks and Uncertainties

The Board is ultimately responsible for the Group's system of risk management and internal control and for reviewing their effectiveness. The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the period and up to the date of approval of these financial statements, and that this process is regularly reviewed by the Board. However, such systems are 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.

In order to help manage these risks and uncertainties, the Board has delegated responsibility for monitoring the effectiveness of the Group's systems of internal control and risk management to the Audit Committee.

In addition, the Group has established a Risk Committee that includes the Finance Director and various members of the Executive Committee and heads of department. The Risk Committee reviews the risk management and control process in each key business area on an on-going basis, and provides a platform for management to drive improvement across the business. The Risk Committee 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.

Having considered the key risks inherent in the business and the system of control necessary to manage such risks, the Finance Director presents the Risk Committee's findings to the Board on a regular basis. In addition, the Chief Executive reports to the Board on changes in the business and the external environment which affect significant risks.

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the system of risk management and internal control during the period. 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, and also by reference to the Group's five year strategic and financial plan. During the period the Board has placed significant focus on risk management. As such, during the period the Audit Committee engaged PricewaterhouseCoopers LLP ("PwC") to undertake a detailed review of the Group's risk framework and internal audit function via in-depth interviews with senior management and key stakeholders across the Group.

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

The Chief Operating Officer provides the Board with monthly financial information which includes key performance indicators.

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. Although not exhaustive, the following list highlights some of the principal risks identified by the Group (which are not shown in order of importance). Additional risks and uncertainties not presently known, or currently considered to be less material, may also have an adverse effect on the Group:

	Issue	Potential impact	Mitigation
Strategic Risks	Brand and Reputational Risk	The strength and reputation of the Ted Baker brand is important to the business. There is a risk that our brand may be undermined or damaged by our actions or those of our partners or supply chain.	We carefully consider each new partner with whom we do business. Such partners are subject to due diligence and are monitored on an on-going basis to ensure they remain appropriate to the brand. Our dedicated social media team closely monitors social media channels and addresses any reputational issues in accordance with our protocol.
	Development of Overseas Markets	Failure in growing the international business through franchise operations, licencees and e-commerce. Risk that the Group fails to prioritise the right territories or investment or fails to support these markets with systems and supply chain capability.	We perform extensive due diligence on all potential partners and territories and to assess our appropriate routes to market. We operate in a range of international markets, which helps to mitigate over-reliance and exposure to any one territory.
	Fashion and Design	As with all fashion brands there is a risk that our offer will not satisfy the needs of our customers or we fail to correctly identify trends in an increasingly competitive market, resulting in lower sales and reduced market share.	We maintain 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. We use customer data to develop targeted marketing and promotional activity. We continue to focus on product design, quality and attention to detail.
	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, increasing our cost base and adversely affecting our revenue.	These risk factors are monitored closely on an on-going 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 geographic spread of our business and supply chain also helps to mitigate these risks.
	Brexit	The UK's decision to leave the European Union has increased the level of economic and consumer uncertainty.	The Group and its external advisers continue to carefully monitor the potential impact of Brexit. Our presence in a range of international markets helps mitigate the impact of this risk.
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. Over reliance on key suppliers could also have an impact on our business.	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. The Group continues to improve and evolve its supply chain.
	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	We are committed to operating in a	A sub-committee of the Executive

	Responsibility	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.	Committee has been tasked with overseeing specific areas of our social responsibility agenda. Ted's Conscience Team is responsible for monitoring this agenda and ensure our practices fall in line with it. More information is set out at page 21 (Sustainability).
	Cyber Security	<p>The business is reliant on sensitive data being transmitted electronically, and is subject to threats from hacking or viruses or other unauthorised data breaches.</p> <p>There is the possibility of unintentional loss of controlled data by authorised users.</p>	<p>The Group has invested in additional specialist IT resources.</p> <p>The continual upgrading of security equipment and software also mitigates these risks.</p> <p>Tightly controlled security controls and data recovery and business continuity plans have been implemented with the support of specialist third parties.</p>
	IT Infrastructure and Implementation of ERP	<p>The Group's IT infrastructure is key to the operation of its business.</p> <p>We are in the process of implementing Microsoft Dynamics AX across the business. With any project of this scale, there is a risk of a poorly managed implementation or take-up of new systems, which could lead to business disruptions.</p> <p>This, and the implementation of other new business systems, has potential to impact interdependent systems.</p>	<p>The Group's IT Steering Committee meets on a two weekly basis to review the implementation and all other major IT projects. This Committee comprises members of the Executive Committee and is advised by external professional advisers. The IT Steering Committee has established a Design Authority charged with overseeing the scheduling of the implementation of any new system.</p> <p>Robust change management and professional project managers recruited to oversee the project team which includes key business stakeholders.</p>
	People	Our 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 affect on our operations and, in some cases, the creative vision for the brand.	<p>Identification and 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.</p> <p>Succession plans are in place and have been reviewed during the period.</p>
	Regulatory and Legal Framework	We operate in a range of international markets and must comply with various regulatory requirements. Failure to do so could lead to financial penalties and/or reputational damage.	The Group closely monitors changes in the legal and regulatory framework within the markets in which it operates. We work closely with specialist advisers in each market to ensure compliance with local laws and regulations.
	Infringement of the Group's Intellectual Property	Unauthorised use of the Group's designs, trademarks and other intellectual property rights could damage the Ted Baker brand and the Group's reputation.	<p>The Group, with its external advisers, rigorously manages and defends its intellectual property.</p> <p>The Group deals with counterfeit goods in accordance with its robust enforcement strategy.</p>

Financial Risks	Currency, Interest, Credit and Counterparty Credit Risks, including Financial Covenants under the Group's credit facilities	In the course of its operations, we are exposed to these financial risks which, if they were to arise, may have material financial impacts on the Group.	The Group's policies for dealing with these risks are discussed in detail in Note 23 to the financial statements.
	Foreign Exchange	The Group is exposed to fluctuations in the exchange rates of key currencies.	The Group's Foreign Exchange strategy is closely managed by the Finance Director and the Group's external advisers. The Group has adopted a hedging policy to mitigate short-term foreign exchange risk.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code dated September 2014 (the "Code") the Directors have assessed the viability of the Group over a five year period, taking into account the Group's current position and the potential impact of the principal risks documented above.

The Group operates a five year plan, which is updated and reviewed annually by the Board. Within the five year plan, detailed scenario planning and stress testing has been carried out over a five year period. The Directors therefore consider the five year period to 30 January 2022 to be the appropriate period to assess the viability and prospects of the Group with a high level of certainty.

The Directors' assessment has been further enhanced by analysing the current and future risks, controls and assurances available, resulting in a clear picture of the risk profile across the whole business. The principal risks, including specific operational risks, that could affect the future viability of the Group over the next five years are identified on pages 17 to 20 in Principal Risks and Uncertainties.

In making this assessment the Directors have considered the resilience of the Group to the occurrence of these risks in severe but plausible scenarios, taking into account the effectiveness of any mitigating actions. In addition, the Board has considered the impact on the Group's cash flows, headroom, covenants and other key financial ratios having stress tested the potential impact of these scenarios, both individually and in combination.

Sensitivity analysis was also used to stress test the Group's strategic plan and to confirm that sufficient headroom would remain available under the Group's credit facilities. The Board considers that under each scenario tested the mitigating actions would be effective and sufficient to ensure the continued viability of the Group. For the reasons stated above, based on the robust assessment undertaken, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation, and meet its liabilities as they fall due, over the period of assessment.

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 12 months from the approval of these accounts. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Sustainability

At Ted Baker we believe in being open and honest in the way we do business, this includes doing the right thing by all of our stakeholders throughout our supply chain and operating in a fair and sustainable manner. During the period we began implementing our new sustainability strategy "*Fashioning a Better Future*", developed from our Ted3 plan which was introduced in 2012.

We approach our social, environmental and ethical commitments ("SEE") with the same focus and attention to detail that permeates the rest of the business. To ensure that we continue to meet our responsibilities in these important areas *Fashioning a Better Future* focuses on Planet, People and Product. Our Global Sustainability Strategy has been developed and continues to be advanced and improved ensuring that every department is included.

How we work

The Chief Operating Officer is responsible for overseeing the formulation of the Group's policies and procedures to manage risks arising from 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 on-going commitment in these areas – Brand Communication, Product Design, Production and Special Projects (Interior Design). Our full-time Ted's Conscience department coordinates these areas and the Group's cross-functional team which is responsible for addressing SEE concerns of the Group.

Our Sustainability Focus

We believe in three very important areas of sustainability:

1. **Planet:** the Group is committed to managing and reducing its impact on the environment;
2. **People:** the Group is committed to looking after those who create, make and wear our product; and
3. **Product:** the Group is committed to producing beautiful, more sustainable product.

Planet

The Group has engaged in a number of environmental projects during the course of the period:

- We continue to participate in the Carbon Disclosure Project to measure and disclose our greenhouse gas emissions and climate change strategies. Our disclosure score improved from 93 D in the previous period to an overall score of B;
- All of our business travel within scopes 1 and 3 is CarbonNeutral®. This means that the unavoidable emissions generated by air, road and rail journeys required to visit our stores, trustees and suppliers have been offset in full through the purchase of carbon credits from verified carbon reduction projects;
- We are constantly reviewing the waste our business generates in an effort to achieve our overall aim of sending no waste to landfill. We participate in the Wastepack Compliance Scheme as part of the Producer Responsibility Obligations (Packaging Waste) Regulations 1997 and continue to reduce unnecessary packaging;
- We work with local schools and charities to recycle as much waste from head office as we can;
- We have been working with the charity Newlife to ensure that all faulty garments returned to our UK stores do not end up in landfill. Since March 2014 we have been sending these faulty garments to Newlife for re-sale as secondhand garments;
- Through our relationships with Oxfam and Newlife we have been able to ensure that our end of line garments are utilised in the best way, raising over £485,000 and diverting over 30 tonnes of waste from landfill.

People

Our employees and the people who work in our supply chains are our greatest asset and it is very important to the Group that our products are produced in factories that are committed to providing a fair and safe environment for their workers. To enable this:

- Ted Baker Ethical, Production and Buying teams regularly visit our suppliers to build and maintain relationships. These are key in ensuring open and honest communication;
- All Ted Baker suppliers are governed by our Ethical Code of Conduct. We review and revise our Code of Conduct regularly to ensure that it reflects legislative changes and make sure that our suppliers continue to make improvements. The Code is based on international conventions such as; The Ethical Trade Initiative Base Code, The United Nations Universal Declaration of Human Rights and The Fundamental Conventions of the International Labour Organisation, and can be found at <http://www.tedbakerplc.com/~media/Files/T/Ted-Baker/documents/ted-ethical-code-of-conduct-2016.pdf>;
- Through our partnership with MADE-BY, a non-profit multi-stakeholder initiative set up to improve sustainability within the fashion industry, we began reporting, through MODE Tracker, a new progress tracking tool. It is aimed at supporting fashion brands to become more sustainable, focusing on eight areas of fashion business including People, Product and Own Operations;

- We continue to encourage our employees to donate unwanted items through our 'Oxfam Collects' Collection Point;
- In December 2014 we started to collect donations for leftover restaurant food. Those proceeds are donated to Magic Breakfast, a charity that provides underprivileged school children in London with much needed breakfasts before school. During the period, we raised enough money to provide 13,409 Magic Breakfasts;
- We keep two Buckfast bee colonies on the roof of our London head office from which we had a hugely successful honey harvest for the seventh year running.

Product

As part of our commitment to product we place great emphasis on producing more sustainable products.

- We are part of the Sustainable Clothing Action Plan ("SCAP"), a DEFRA sponsored action plan organised to improve the sustainability of clothing throughout its lifecycle by bringing together industry, government and third parties. SCAP members collaborate to develop sector-wide targets along with the tools and guidance necessary to achieve them. As a SCAP 2020 signatory, we are challenged to reduce carbon, water and the amount of waste generated or consumed by our products by 15% by 2020;
- We have introduced internal sustainable fibre targets to our collections to ensure that we are meeting our SCAP commitment; and, as part of SCAP, we participate in the Metrics group. This Group identifies the key industry metrics that businesses should measure and is working on a tool to measure baseline carbon, water and waste footprints. It also identifies improvement actions that businesses could take in this area;
- We became a member of the Better Cotton Initiative (BCI) in 2016. The aim of the BCI is to make global cotton production better for the people who produce it, better for the environment it grows in and better for the cotton industry's future. Through education and training the farmers learn more sustainable farming methods and pool their resources with the aim of reducing environmental impacts, using less water and harmful pesticides, and increasing yields.

Greenhouse Gas Emissions

The Group has for a number of years participated in the Carbon Disclosure Project and is now required, in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations") to report its greenhouse gas ("GHG") emissions.

The Group has adopted a GHG reporting policy and a management system based on the methodology established under the Greenhouse Gas Protocol, which has been used to calculate the Group's Scope 1 and 2 emissions in the period for activities within the financial control of the Group.

In measuring the Group's GHG emissions, all the Group's stores, warehouses and head offices around the world were taken into account. The space occupied by the Group within concession stores is excluded from Scope 1 and 2 calculations because the Group has neither financial nor operational control over a concession area. Such emissions are included in the Group's scope 3 figures which are published in our annual Carbon Disclosure Project Report.

The Group's GHG emissions during the period are disclosed in the table below.

	2017	2016
Scope 1 – Direct CO ₂ emissions (tonnes CO ₂ e)	129	138
Scope 2 – Indirect CO ₂ emissions (tonnes CO ₂ e)	4,469	4,062
Total tonnes CO ₂ e emissions	4,598	4,200
tCO ₂ e per sq foot	0.012	0.012
tCO ₂ e per thousand GBP sales	0.009	0.009

GHG emissions for the period ended 28 January 2017 have been calculated using the appropriate 2016 UK Government Conversion Factors for Company Reporting and, for energy consumed overseas, the International Energy Agency Emission Factors.

The Bribery Act 2010

The Board continues to proactively review the Group's procedures to ensure they are sufficiently robust to prevent corruption.

Modern Slavery Act 2015

The Group has issued a statement in compliance with the Modern Slavery Act which is available at www.tedbakercplc.com. The statement sets out the Group's policies for assessing the risk of Modern Slavery within its supply chain and the steps taken to improve transparency. This will be a continued focus for the Group and we will continue to work through a cross-functional Steering Committee to develop the policies in line with the evolving business and landscape.

People

The incredible talent, enduring commitment and passion of the Ted Baker team are key factors in the success of the Group. We encourage employees with learning and development opportunities, nurture their growth and potential and recognise and reward their contributions. This is illustrated by the energy and inspired performance of our team who drive innovation and growth.

Reward and Recognition

During the period we further developed our Pay for Performance remuneration approach for employees at our London Head Office ("Tedquarters"). Such employees' performance is measured against competency criteria, objectives linked to business success and behavioral identifiers that directly support our unique, culture and brand values. This approach enables Ted to award remuneration annually based directly on individual success and achievement. We continue to review all other employee groups' remuneration annually and a benchmarking analysis is undertaken against market intelligence to ensure we remain competitive and commensurate across all areas of the business.

In each territory we offer reward and recognition schemes in line with local legislative and market requirements for employees. Our reward packages include bonus schemes linked to sales targets and individual and corporate performance. We encourage all UK employees to join our Save As You Earn share scheme which provides Ted with confidence in the commitment of its team. Ted also provides a Long-Term Incentive Plan ("LTIP") for key senior employees throughout the business spanning a three year award period. The LTIP is currently in its fourth tranche of issue and it is anticipated that this will continue on a rolling yearly award basis to enhance total annual reward and support retention. During the period we celebrated the sixth year of Wisdom Awards, our scheme that recognises long serving members of the team and provides a chance for them to celebrate and share their Ted stories.

Learning, Development and Talent Management

Individual performance is reviewed bi-annually with each employee to discuss personal and career development and to set, and assess performance against goals and objectives linked to personal growth and business development, as well as Ted's environmental and social commitments. We invest in training which ranges from outsourced specialist and technical skills training, to in-house developed 'Hand Made by Ted' bespoke courses offered by the Ted Academy. During the period we launched 'Grow Your Own with Ted', an in-house development program to support growth in individual and team talent. Ted's School of Excellence was also launched focused on developing skills and brand knowledge in the first thirteen weeks of a retail employee's time with Ted. A new 'Settling-In' tool was also introduced to manage the probationary period process.

Continuing to bring in fresh and specialist talent as well as nurturing existing team members, remains high on our business and people agenda. Distinct career paths exist across the Group and inter-departmental and international transfers play a large part in retaining and growing talent as well as ensuring the Ted story translates across the globe. Our manpower and succession plans are monitored and evaluated regularly to highlight skills and learning gaps, anticipate vacancies and harness talent. Following the success of the apprenticeship programme, Ted's Extraordinary Diploma, we commenced our second program during the period. This program helps to identify top talent for our business as we continue to grow and evolve in a changing consumer and digital age.

Diversity

The Group believes in respecting individuals and their rights in the workplace and that diversity supports the dynamic of our teams to deliver success. With this in mind, specific policies are in place setting out our stance and commitment to managing harassment and bullying, whistle blowing and equality and diversity. 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. We respect cultural difference and actively seek to learn about each territory we operate within.

Our commitment to diversity across the Group continues and consideration to diversity and gender is given with a view to appointing the best placed individual for each new role. The charts below demonstrate the gender split across the Board of Directors, the Group's leadership and senior management teams and global employees as at 28 January 2017.

	2017			2016		
	Male	Female	Total	Male	Female	Total
Ted Baker Plc Board of Directors	5	1	6	5	1	6
Executive Committee and other senior managers	55	64	119	34	54	88
Global Team members	1,063	2,160	3,223	1,108	2,168	3,276

	UK		North America		Europe		Asia		Total
	M	F	M	F	M	F	M	F	
Ted Baker Plc Board of Directors	5	1	-	-	-	-	-	-	6
Executive Committee and other senior managers	41	37	7	18	1	5	5	5	119
Global Team members	604	1,123	258	486	134	414	65	139	3,223

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 Wellness health assessment days and we offer health and fitness classes to our team members at Tedquarters. We run a Childcare Voucher Scheme in the UK. An Employee Assistance Program in the UK and US further supports our concern for the health and well-being of our employees.

The Group employs a dedicated Health & Safety team to support the identification of risks and prevention of accidents and provides on-going education and training to strengthen employees' knowledge and commitment in this area.

Employees with Disabilities

Applications for employment by persons with disabilities are always fully and fairly considered, focusing on the aptitudes and abilities of the applicant concerned. In the event of an employee becoming disabled during their employment, every effort is made to ensure that their employment with the Group continues and that where appropriate reasonable adjustments are made and relevant training and education of the wider team is arranged. It is the policy of the Group that the training, career development and promotion of persons with disabilities should, as far as possible, be identical with that of other employees.

Culture

Our brand values are important in everything we do and are instilled in employees at their initial induction and at sessions with the Founder and Chief Executive telling the story behind the brand. Employees are encouraged to always ask: 'Would Ted do it that way?' We continue employees' cultural journeys through a host of varied events.

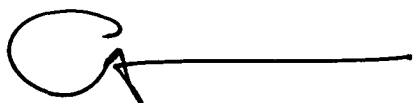
Employee Engagement

The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them and the Group, communicating in a way that aligns with the brand tone of voice and actively encourages feedback. This is achieved through formal and informal meetings, BroadcastTED communications, Talk to Ted sessions, team member surveys and e-postcard messages from Ted. Team 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 any factor affecting its performance during the period, in addition to business development initiatives to maintain interest and encourage participation.

Systems

In the period we invested in a new integrated HR & Payroll system that will be rolled out across the Group in a phased approach. This will present greater efficiencies and new ways of working. With focus on self-serve technology, enhanced communications and talent management, we can expect improved people processes and analytics.

The Strategic Report was approved by the Board of Directors on 23 March 2017 and signed on its behalf by:



Charles Anderson

Finance Director & Company Secretary
23 March 2017

Registered Office:
Company No:

The Ugly Brown Building, 6a St. Pancras Way, London NW1 0TB
03393836

Directors' Report

Corporate Governance Statement

Statement of compliance with the Code

During the period the Company was subject to the UK Corporate Governance Code dated September 2014. The Code was issued by the Financial Reporting Council and is available for review on the Financial Reporting Council's website <https://www.frc.org.uk/>. The Board confirms that the Company has complied with the provisions set out in the Code throughout the year, except in respect of Code Provision C.3.1 (Audit Committee to have at least three independent Non-Executive Directors). An explanation of the reason for this departure from the Code is set out on page 29.

An explanation of how the Main Principles have been applied is set out on pages 52 to 54 and, in connection with directors' remuneration, in the Directors' Remuneration Report on pages 34 to 51.

Board Composition

The Board currently comprises the Non-Executive Chairman, the Chief Executive, the Chief Operating Officer & Group Finance Director and three independent Non-Executive Directors. Biographies of these Directors appear on page 28. The Board is of the view that its current membership provides an appropriate balance of skills, experience, independence and knowledge, which enables it to discharge its responsibilities effectively. This is reinforced by the findings of the external Board evaluation carried out in the prior period.

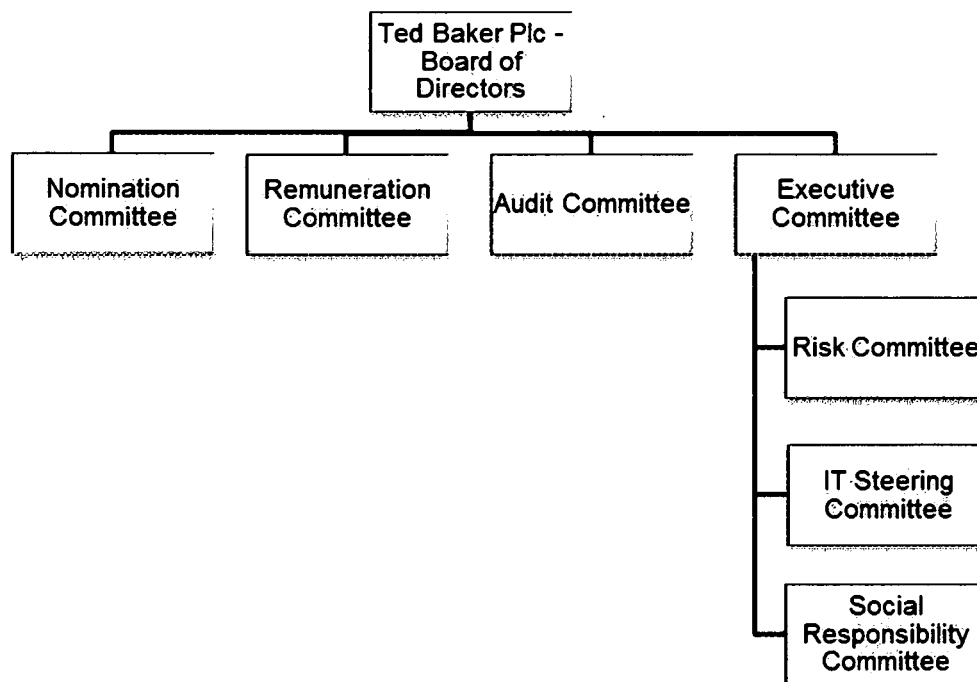
Board Independence

The Board considers Non-Executive Directors Ronald Stewart, Anne Sheinfeld and Andrew Jennings to be independent for the purposes of the Code.

Board Operation

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. These include decisions on the Group's strategy, financial budgets, major capital expenditure and transactions, appointment of territorial and product licence partners, store openings, dividend policy, Group bonus and risk profile. 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 Group's Executive Committee, which is comprised of the Board of Directors of No Ordinary Designer Label Limited (the Group's operating subsidiary) together with relevant heads of department as required. The Executive Committee meets regularly throughout the year.



To enable the Board to function effectively and for the Directors to discharge their responsibilities, full and timely access is provided to all relevant information. A comprehensive board pack is prepared and circulated in advance of each Board meeting. Board members regularly input into the level and quality of information provided, and request specific board papers on additional agenda items. 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 each Director has to the Company Secretary.

The Company maintains an appropriate level of Director and Officer Liability insurance cover and, through the Articles of Association and Directors' 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 (which were in force throughout the period and are in force as at the date of these financial statements), there are no qualifying third party indemnity provisions in force.

The Code requires that the Board provides a fair, balanced and understandable assessment of the Company's position and prospects in its external reporting. The Directors were responsible for the preparation and approval of the Annual Report and Accounts and consider them, taken as a whole, to be fair, balanced and understandable and believe that this provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Board Evaluation

During the previous period, an externally facilitated evaluation of the Board and Committees' effectiveness was undertaken by Sean O'Hare of Boardroom Dialogue Limited, an independent external adviser with no other connection to the Company.

That Board evaluation concluded that the Board was working well, considering the right topics on a timely basis and with an appropriate level of challenge. Areas of focus for the Non-Executive Directors continue to be enhancing Board engagement with the Executive Committee and building on existing long-term succession planning throughout the Group, which have been addressed during the current period.

During the period, the Board undertook an informal evaluation of its own performance, its committees' performance and the performance of its Directors, with continuing assessment undertaken throughout the year in review. Informal evaluations and assessments conducted by the Board and its committees covered a range of issues around Board and Committee membership, roles and responsibilities, and succession.

The next externally facilitated Board evaluation shall be conducted in accordance with the requirements of the Code.

Board and Committee Attendance

The table below details the number of Board and Committee meetings held during the period and the attendance record of each Director.

	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held	10	3	2	-
Ray Kelvin	10	NA	NA	NA
Lindsay Page	9	NA	NA	NA
David Bernstein	10	3	2	-
Anne Sheinfeld	10	NA	2	-
Ronald Stewart	10	3	2	-
Andrew Jennings	10	3	2	NA

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.

Led by the Chief Executive, the Chief Operating Officer and the Finance Director, the Group seeks 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 and potential investors to discuss long-term issues and gathering feedback; and communicating regularly throughout the year via its investor relations programme. 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 investor relations website at www.tedbakerplc.com. Shareholders 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

The Company's Articles of Association 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.

Board of Directors

David Alan Bernstein, CBE – Non-Executive Chairman (73)

David is Chairman of the British Red Cross. Previously he was joint Managing Director of Pentland Group Plc, Chairman of Blacks Leisure Plc, Manchester City Plc and the Football Association. In the New Year Honours' List of 2014 David was appointed Commander of the Order of the British Empire (CBE) for services to football.

Committee Membership: David is Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees.

Raymond Stuart Kelvin, CBE – Chief Executive (61) ('Closest Man To Ted')

Ray, the founder of Ted Baker, has worked in the fashion industry for over 40 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. In the New Year Honours' List of 2011 Ray was appointed Commander of the Order of the British Empire (CBE) for services to the fashion industry.

Committee Membership: not applicable

Lindsay Dennis Page, MA, ACA – Chief Operating Officer & Group Finance Director (58)

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. Lindsay was appointed as the Group's Chief Operating Officer in addition to his role as Group Finance Director on 8 July 2014.

Committee Membership: not applicable

Ronald Stewart, FCIB – Non-Executive Director (69)

Ron was appointed as a Non-Executive Director on 25 February 2009. Ron spent all his 39 year banking career at The Royal Bank of Scotland Plc, retiring in 2003 as Deputy Managing Director of its Corporate Banking Department in London. He is Chairman of the PCC at St Andrew's Church in Oxshott, a Trustee of several local charities and a Governor of Reeds School and Chairman of Reeds School Enterprises in Surrey.

Committee Membership: Ron is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. Ron is the Senior Independent Director.

Anne Sheinfield – Non-Executive Director (51)

Anne was appointed as a Non-Executive Director on 15 June 2010. Anne is a commercial lawyer with more than two decades of post qualification experience in the theatre, TV and music areas of entertainment and has a wealth of intellectual property and commercial legal experience.

Committee Membership: Anne is Chairman of the Remuneration Committee and a member of the Nomination Committee. Anne is an Independent Director.

Andrew Jennings – Non-Executive Director (68)

Andrew was appointed as a Non-Executive Director on 1 February 2014. He has worked in the international retail industry for over 40 years at some of the world's most respected high-end department stores. Previously he was Chief Executive Officer of the Karstadt Group in Germany and prior to this has held a number of senior executive positions at leading UK and international retailers including Saks Fifth Avenue in the USA; Holt Renfrew in Canada; Harrods and House of Fraser in the UK; and Brown Thomas in Ireland.

Committee Membership: Andrew is a member of the Audit, Nomination and Remuneration Committees. Andrew is an Independent Director.

Audit Committee Report

Dear Shareholder,

The role of the Audit Committee is to monitor the integrity of the Group's financial statements and reporting responsibilities and to maintain its internal control and compliance procedures. During the period, the Audit Committee focused on the Group's risk management systems (particularly cyber risk, inventory and foreign currency risk).

This Audit Committee Report has been prepared in accordance with the Code and includes:

- a description of the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed;
- an explanation of how the Audit Committee has assessed the effectiveness of the external audit process and the approach taken to the reappointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted; and
- an explanation of how the Group's auditor's objectivity and independence are safeguarded when providing non-audit services.

Meetings with senior management, internal audit and the external auditor, together with the regular circulation and review of board papers and financial information, have enabled the Audit Committee to discharge its duties and responsibilities effectively.

Audit Committee Membership

During the period, Ronald Stewart was Chairman of the Audit Committee. The other members were David Bernstein and Andrew Jennings.

Provision C.3.1 of the Code provides that the Audit Committee should comprise of at least three independent Non-Executive Directors, and that the Chairman of the company should not be a member of the Audit Committee. The Board recognises that the Company has not been compliant with Provision C.3.1 of the Code during the period but considers David Bernstein, notwithstanding his appointment as Chairman, to be a valuable member of the Audit Committee because of his recent and extensive relevant financial experience.

The terms of reference for the Audit Committee are available on the Company's website www.tedbakerplc.com.

Key Matters

A summary of the key matters considered by the Audit Committee during the period are set out below:

Agenda items	March 2016	July 2016	October 2016
Full Year Report / Interim Report	Y		Y
KPMG Audit Committee Paper summarising the results from the year end external audit	Y		
KPMG Audit Committee Paper summarising the results from the interim review			Y
KPMG Management Letter on control observations	Y		
Effectiveness of external auditors	Y	Y	Y
Independence of KPMG	Y	Y	Y
Risk management		Y	Y
Findings of internal audit reviews		Y	
Key tax risks and approach	Y		Y
Impairment policy review	Y		
Terms of reference of the Audit Committee		Y	
Whistle blowing		Y	
Non-audit services provided by KPMG		Y	
Non-audit spend		Y	
Employment of former KPMG staff		Y	
Materiality	Y		Y
Resourcing	Y	Y	

Cyber Risk Review	Y	Y	
Post investment appraisal (stores)		Y	
Stock Analysis	Y		
Foreign Currency Risk	Y	Y	
Social Media Policy Review	Y		
Key Supplier Risk	Y		
Impact of Brexit	Y	Y	
General data protection regulation		Y	

The main areas of judgement and estimation are set out in the accounting policies on pages 67 to 73.

Significant Issues

The Audit Committee received and reviewed reports from management and the external auditors setting out the significant issues in relation to the financial statements for the period which related to the carrying value of inventory and the carrying value of retail fixed assets (being leasehold improvements).

These issues were discussed and challenged with management during the period. They were also discussed with the external auditors at the time the Audit Committee reviewed and agreed the external auditors' group audit plan, when the external auditors reviewed the half year interim financial statements in October 2016, and also at the conclusion of the audit of the financial statements for the period.

1) Carrying value of inventory

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. Inventory is carried in the financial statements at the lower of cost and net realisable value. Sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trends. As a result there is a risk that the cost of inventory exceeds its net realisable value. Management calculates the inventory provision on the basis of the ageing profile of what is in stock. Provisions are considered on a seasonal basis taking into consideration the various channels that are available to the Group to sell existing inventory and the estimated prices that can be achieved. Any changes to the prices that can be achieved could impact the provisions that are required to cover the risks associated with holding older season inventory. Adjustments are made where appropriate based on Directors' knowledge and experience to calculate the appropriate inventory carrying values.

Management confirmed to the Audit Committee that there have been no significant changes to the approach used to estimate inventory provisions from the prior year. The external auditors explained to the Audit Committee the work they had conducted during the year. On the basis of their audit work, the external auditors reported no inconsistencies or misstatements that were material in the context of the financial statements as a whole; and in the view of the Audit Committee this supports the appropriateness of the Group's methodology.

2) Carrying value of retail fixed assets (being leasehold improvements)

Leasehold improvements for stores are identified for further impairment testing primarily on the basis of current and projected performance, with growth assumptions based on Directors' knowledge and experience. Given the relative immaturity of the brand outside the UK, the payback period is typically longer and it is not uncommon for new stores to make losses in their start-up phase. Judgement is therefore applied by the Directors in assessing the trigger point for impairment, recognising that losses in the start-up phase are not always indicative of the future performance of a particular store. The future forecasts are inherently judgmental and the key sensitivity includes achieving the growth rates for a particular store and relevant to the specific market. A change in these assumptions will impact the future forecasts and management's assessment of the profitability of each store. The assumptions are continually reviewed against current trading performance and external factors that impact the fashion industry and consumer demand for specific regions, including for example macro-economic conditions that may impact consumer spending patterns and tourism. The Directors use their knowledge of the fashion industry and experience built over many years to set and monitor the assumptions included within the forecasts.

The external auditors explained to the Audit Committee the work they had conducted during the year. On the basis of their audit work, the external auditors reported no inconsistencies or misstatements that were material in the context of the financial statements as a whole; and in the view of the Audit Committee this supports the appropriateness of the Group's methodology.

3) Misstatements

Management confirmed to the Audit Committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The external auditors reported to the Audit Committee the misstatements that they had found in the course of their work and no material amounts remain unadjusted. The Audit Committee confirms that it is satisfied that the external auditors have fulfilled their responsibilities with diligence and professional scepticism.

After reviewing and challenging the presentations and reports from management and consulting where necessary with the external auditors, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Audit Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

4) Future IFRS developments

The Audit Committee has discussed future accounting developments likely to affect the presentation of the Group's financial statements.

Tax governance framework

The Finance Director is responsible for the Group's tax policy which is implemented with the assistance of the senior finance and Group tax team. This is reviewed on an on-going basis as part of the regular financial planning cycle. In addition, the Group's tax status is reported regularly to the Board and Audit Committee. The Audit Committee is responsible for monitoring all significant tax matters including the Group's tax policy.

In accordance with the measures announced in the Finance Act 2016, Ted Baker will publish on its website details of the Group's Tax Strategy as it relates to or affects UK taxation in the financial year ended 27 January 2018.

External Audit

The Audit Committee oversees the Group'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 Audit 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 Audit 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 Audit Committee on an annual basis. Details of the auditor's remuneration for audit and non-audit fees are disclosed in Note 3 to the financial statements for the period.

The Audit Committee recognises that the independence of the external auditors is an essential part of the audit framework and the assurance that it provides. The Audit Committee monitors any non-audit work that is undertaken by the external auditors to ensure that their objectivity and independence is not compromised. The Audit Committee regularly reviews the level of non-audit fees and as noted above pre-approval for any such services is required from the Audit Committee Chairman above set monetary thresholds. In approving any non-audit services the Audit Committee considers any threats, perceived or actual, to the auditor's independence taking regard of the guidance contained in the relevant ethical standards.

To assess the effectiveness of the external auditors, the Audit Committee reviewed:

- the external auditors fulfilment of the agreed audit plan and variations from it;
- reports highlighting the major issues that arose during the course of the audit; and
- feedback from the businesses evaluating the performance of each assigned audit team.

The Audit Committee held meetings with the external auditors before each Audit Committee meeting to review key issues within their scope of interest and responsibility. To fulfil its responsibility for oversight of the external audit process, the Audit Committee reviewed:

- the terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditors engagement letter for the forthcoming year;
- the external auditors overall work plan for the forthcoming year;
- the external auditors fee proposal;
- the major issues that arose during the course of the audit and their resolution;
- key accounting and audit judgements;
- the level of errors identified during the audit; and
- recommendations made by the external auditor in their management letters and the adequacy of management's response.

Consideration is also given by the Audit Committee to the need to include the risk of the withdrawal of the external auditor from the market in its risk evaluation and planning.

The Audit Committee considers the reappointment of the external auditor each year and assesses their independence on an on-going basis. KPMG has been the Company's external auditors since 2001, with a competitive audit tender process last carried out in 2012. The Audit Committee notes the final Order from the Competition & Markets Authority and the new EU Regulation on audit rotation and will ensure compliance with these requirements in considering when next to tender the external audit. The requirements of the Code and the Order and EU Regulation notwithstanding, the Audit Committee will continue to monitor the effectiveness of the external auditors on an annual basis and will tender in accordance with the new EU regulations.

KPMG has expressed their willingness to continue in office as external auditors. The Audit Committee has recommended to the board that KPMG LLP be appointed as the Group's external auditors for the 2017/18 financial period.

Whistleblowing

The Audit 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.

Ronald Stewart

Chairman of the Audit Committee
23 March 2017

Nomination Committee Report

Dear Shareholder,

The role of the Nomination Committee is to establish a framework for the process of appointment of new Directors to the Board. The Nomination Committee is also responsible for overseeing succession planning requirements, including the identification and assessment of potential Board candidates and making recommendations to the Board for its approval.

Nomination Committee Membership

During the period the Nomination Committee was chaired by David Bernstein and its other members were Ronald Stewart, Anne Sheinfield and Andrew Jennings. The composition of the Nomination Committee during the year complied with Provision B.2.1 of the Code.

The Nomination Committee is responsible for nominating candidates for appointment to the Board.

All Non-Executive Directors are advised of the time commitment considered necessary to enable them to fulfill their responsibilities prior to appointment.

The terms of reference for the Nomination Committee are available on the Company's website www.tedbakergplc.com.

Appointments to the Board

The Company's Articles of Association require one third of the Directors for the time being to retire each year, and for each Director to retire from office at least once every three years. However, in line with Provision B.7.1 of the Code, the Board has determined that all Directors must retire and stand for re-election by shareholders on an annual basis.

No appointments to the Board were made in the period, however general discussions on long-term succession planning, including the timing and the process for recruitment and transition, were held by the Chairman with members of the Nomination Committee and at Board level.

Diversity

We strongly support the principle of boardroom diversity, of which gender is one element. Anne Sheinfield has been on the Board since June 2010 and the Board is very pleased to benefit from her valuable contribution.

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.

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.

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

David Bernstein CBE

Chairman of the Nomination Committee

23 March 2017

Directors' Remuneration Report

Part A: Annual Statement

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report, which has been prepared on behalf of the Board by the Remuneration Committee in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and meets the relevant requirements of the Listing Rules of the Finance Conduct Authority and the UK Corporate Governance Code.

The Remuneration Report is split into three parts:

- Part A: The *Annual Statement*.
- Part B: The *Directors' Remuneration Policy* which sets out the Company's policy on Directors' remuneration that will apply with effect from this year's Annual General Meeting ("AGM"), and the key factors that were taken into account in setting the policy. The Directors' remuneration policy, first published in the 2014 Annual Report has been revised to incorporate the changes highlighted below and is subject to a binding shareholder vote at this year's AGM, and after that at least every third year.
- Part C: The *Annual Report on Remuneration* which sets out payments and awards made to Executive Directors and Non-Executive Directors and details the synergy between Company performance and remuneration for the period.

2016/17 – A Year in Review

The Group delivered a good performance in challenging trading conditions in 2016/17. Continued investment has been made in the long-term future of the brand, including the recruitment of new specialist talent to key areas to support investment made in core infrastructure projects.

Our unique and talented teams continue to develop the brand and further the growth of the business. Their commitment to take on diverse and complex challenges with passion and professionalism has further strengthened the Ted Baker brand. However, while the Group has achieved a good performance in the year despite challenging conditions, the profit target set at the beginning of the year has not been exceeded. As a result, no annual bonus payment to the Executive Directors or the wider employee population will be made.

I am pleased, however, to report the first award made under the shareholder-approved Ted Baker Plc Long-Term Incentive Plan 2013 (the "2013 LTIP") vested in full in July 2016. Both the share price and profit growth performance conditions were confidently achieved. Furthermore, a fourth award of options was made under the 2013 LTIP in May 2016. This award of options carries the same performance conditions as the three previous awards and will vest in April 2019.

Last period's Directors' Remuneration Report (excluding the remuneration policy) was approved by 93.1% of shareholders, and the Directors' Remuneration Policy in force during the current period was approved by 97.2% of shareholders at the AGM held on 10 June 2014. This high level of shareholder approval confirms our reasonable approach to remuneration. I hope that we will continue to receive this strong level of support at this year's AGM for the new remuneration policy set out in Part B.

The key changes proposed to the existing policy have been determined after taking into account shareholder feedback. These are summarised below:

- Introduction of malus and clawback provisions to annual bonus payments and long-term incentive awards;
- Introduction of minimum shareholding guidelines for the Executive Directors; and,
- Amendments to clarify approach to increases in base salary.

2017/18 – The Year Ahead

In arriving at the proposed base salaries payable for 2017/18, the Remuneration Committee has proposed a 1.5% increase in basic salaries of the Executive Directors. This is consistent with the approach to salary increases for employees across the Group where a 1.5% increase has been applied, subject to individual objectives being met, and except in cases of exceptional performance, changes in roles or responsibilities, or promotion. The wider employee population, excluding the Executive Directors, may also benefit from a further increase in base salary of up to 1.5% at the half subject to profit targets being met.

Independent benchmarking reports into the remuneration packages of the Non-Executive Directors, the Executive Directors and senior management population were conducted during the year. The reports confirmed that the Group's policy of achieving total remuneration at the targeted median level was being met for Executive Directors and senior management, and that no further adjustment beyond the general increase to base salaries proposed above was required.

Remuneration of the Non-Executive Directors was found to be below median, and further increases will be made effective from 1 April 2017 to bring their salaries in line with the targeted median level that the Group's remuneration policy aims to deliver. Further details are provided in the annual report on remuneration in part C.

In Conclusion

The annual report on remuneration provides further details and the Directors' Remuneration Policy sets out how we are continuously building for the future.

I would like to thank you for your support in approving the outgoing remuneration policy and hope that we can rely on your vote in favour of the new Directors' Remuneration Report at this year's Annual General Meeting.

Anne Sheinfield

Chairman of the Remuneration Committee

Part B: Directors' Remuneration Policy

Remuneration Policy

The policy described in this section is intended to apply for the three years beginning on the date of the 2017 Annual General Meeting, subject to shareholder approval. We have included an explanation of how our forward-looking policy differs from the policy that was approved at the 2014 AGM and which has been in operation for the three last financial years.

The aim of the Group's remuneration policy is to attract, motivate and retain high quality management. The policy is designed to incentivise senior executives according to the levels of value generated for shareholders, and to use performance metrics that create a strong linkage between senior management remuneration and business performance over the short- and the longer-term.

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.

We use target performance to estimate the total potential reward and benchmark it according to the criteria outlined above. External benchmarking analysis is commissioned periodically to make sure that we remain competitive within the broader retail sector and with other companies of similar size. The latest benchmarking report was carried out during the current period and the results presented to the Remuneration Committee in February 2017.

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

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

Short and Long-term Remuneration

Group policy is to use fixed annual elements of remuneration such as salary, pension and benefits to recognise the status of our Executive Directors and to ensure current and future market competitiveness.

The use of short-term annual bonus incentives and Long-Term Incentive Plans ("LTIPs") provides a direct link between remuneration and KPI's. It also creates a synergy between the Executive Directors' personal return and the return to investors.

Both the short and long-term incentives are used to motivate and reward them for sustaining and growing the success of the Ted Baker Group.

Remuneration Policy Table – Executive Directors

Element	Maximum Potential	Operation & Link to Strategy	Performance Targets & Time Period	Changes to Policy since 2016/17
Base Salary	No maximum salary but annual increases will be broadly consistent with increase in base salary of wider employee population unless there is a change in role or responsibility, or where periodic benchmarking demonstrates that the overall remuneration package falls below the Group's policy of the targeted median level.	Salary reviewed annually and reflects the role and sustained value of the individual in terms of skills, experience and contribution. Increases will be applied taking into account inflation and global economic conditions, and are in line with wider employee increases, unless the results of benchmarking reports demonstrate a further increase is necessary to achieve targeted median level for any Executive Director.	N/A	Clarification of the role of benchmarking in setting base salary.
Annual Bonus*	Up to 100% of base salary.	<p>Drives and rewards annual performance.</p> <p>Profit targets are reviewed annually at the start of the financial period.</p> <p>Payment is determined by the Remuneration Committee following the end of the financial period.</p>	<p>Achievement of profit before tax, annual bonus and exceptional / non-recurring items against targets* for the financial period.</p> <p>The Remuneration Committee reserves the right to make adjustments if the outcome does not reflect underlying performance.</p> <p>Threshold vesting is 0%.</p> <p>Malus and Clawback provisions introduced for Annual Bonus payments made after 1 April 2017. Malus can be applied up to the date of payment. Clawback can be applied for a period of 2 years after the date of payment.</p>	Introduction of Malus and Clawback provisions to bonus payments made after 1 April 2017.
LTIPs**	<p>Annual award of up to 150% of base salary.</p> <p>The Remuneration Committee has the right to award up to 200% of basic salary in exceptional circumstances.</p>	<p>Annual award of options over shares which vest dependent on the achievement of profit targets with a share price underpin.</p> <p>Drives the overall business strategy and objectives, and aligns the interests of shareholders and the executive team over the longer term.</p>	<p>25% vesting if compound annual growth of profit before tax per share of 10% over the 3 year performance period beginning with the financial period in which the awards are made, rising to 100% vesting at 15% growth.**</p> <p>Share awards will only vest if the share price has risen by 10% over the 3 year period commencing on the date that the awards are made.</p>	Introduction of Malus and Clawback provisions to LTIP awards granted after 1 April 2017.

			<p>Dividends are only paid on LTIP options which have vested and been exercised.</p> <p>Malus and Clawback provisions introduced for Awards made after 1 April 2017. Malus can be applied up to the date of vesting. Clawback can be applied for a period of 2 years after the date of vesting.</p> <p>Performance conditions for future awards may vary but the Remuneration Committee will consult with shareholders on any major changes proposed.</p>	
The Ted Baker Sharesave Scheme	All Executive Directors, excluding Ray Kelvin, have the option to save up to the statutory limit towards options over shares in Ted Baker Plc over any 3 or 5 year period.	To align the interests of Executive Directors with the long-term interests of the shareholders.	None.	None.
Share ownership guidelines	Not applicable.	<p>Increase alignment between the Executive Directors and shareholders.</p> <p>Shows a clear commitment by Executive Directors to creating value in the long-term.</p>	The guideline encourages existing Executive Directors to hold a minimum 200% of base salary in shares. Any new Executive Director is encouraged to hold at least 100% of base salary in shares. Shareholding for new Executive Directors can be acquired over 5 years.	New element of policy.
Retirement Benefits	All Executive Directors excluding Ray Kelvin are entitled to pension contributions to a money purchase scheme of up to 12.5% of base salary.	Positioned to ensure broad competitiveness with market practice.	N/A	None.
Other Benefits	Entitlements include car allowance and medical expense insurance.	Maximum car allowance entitlements are based on the estimated costs of running a private car.	N/A	None.

Notes to the Executive Directors' Policy table

***Annual bonus**

Profit targets are set by the Remuneration Committee at the start of the financial year by reference to internal budgets and taking account of consensus market expectations for profit before tax and exceptional / non-recurring items. Market expectations for profit are considered a key measure of business performance for our shareholders.

The funds available for payment of the annual bonus are determined by the achievement of profit before tax, annual bonus and exceptional / non-recurring items in a financial period in excess of the target.

The maximum bonus payable to staff is capped as a percentage of base salary which varies according to

individual contracts. The maximum annual bonus payable to an Executive Director is capped at 100% of base salary.

****LTIPs**

In arriving at the performance criteria for the 2013 LTIP, the comparator group used for benchmarking purposes consisted of listed companies in the retail sector and other companies with similar enterprise value to Ted Baker.

This scheme was introduced in July 2013 for Executive Directors and other senior executives across the Group. The criteria used to measure performance are growth targets based on adjusted profit before tax per share over the performance period and share price growth over the award period. The profit per share growth targets were set following consideration of consensus market analyst expectations and the share price growth target was agreed in consultation between the Remuneration Committee and shareholders.

The Remuneration Committee felt that these criteria were appropriate for the Group in view of its investment in expansion and should encourage management to focus on longer term profitable growth. The performance criteria were reviewed in the period and deemed to remain appropriate for the Group in the context of its current strategy.

The share price growth target has been favoured over a TSR-based measure because the unique profile of the Group's business means that a readily comparable TSR benchmark was not available. A commitment has, however, been made to apply the existing dividend policy consistently.

Remuneration Policy Table – Non-Executive Directors

The Board aims to recruit high-calibre Non-Executive Directors ("NEDs") with broad commercial, international or other relevant experience. The remuneration policy for NEDs is set by the Board having taken account of the fees paid by other companies of a similar size and complexity.

When recruiting NEDs, the remuneration arrangements offered will generally be in line with those set out in the Non-Executive Directors' Remuneration Policy Table below.

Approach to setting fees	Basis of fees	Other Items	Changes to Policy since 2016/17
Fees are reviewed at appropriate intervals taking into account the time commitment expected and practice in peer companies of a similar size, sector and complexity.	Each NED is paid a basic fee for undertaking Non-Executive Director and Board duties. A higher fee is typically paid to the Chairman of the Board. Non-Executive Director fees are not subject to clawback or withholding arrangements.	The NEDs do not participate in the Group's annual bonus scheme, long-term incentive plans, health care arrangements or employee share schemes and do not receive any retirement benefits. The Group provides each NED with relevant liability insurance for the duration of their appointment. NEDs are reimbursed for reasonable expenses, none of which comprise taxable benefits. All NEDs stand for reappointment on an annual basis at every AGM.	None.

Differences in Remuneration Policy for all employees

A consistent remuneration approach is applied at all levels throughout the Group, except as outlined below, to make sure that business strategy and performance are aligned and that the total reward is sufficient to attract and retain high-performing and talented individuals.

All employees of Ted Baker are entitled to a base salary, annual or periodic bonus and benefits dependent

upon their role within the Group. The maximum opportunity available for a base salary increase is consistent across all employees. The maximum opportunity for bonus and benefits is based on seniority, responsibility and function of the role.

Conditional long-term share awards are only available to Executive Directors and other members of senior management across the Group. Share option grants under the Ted Baker Sharesave scheme are available to all UK employees.

The introduction of malus and clawback provisions proposed for Executive Director annual bonus payments and awards made under the 2013 LTIP after 1 April 2017 will similarly be applied to senior members of the Group management team.

Statement of Consideration of Employment Conditions elsewhere in the Company

The Group Head of Human Resources presents to the Remuneration Committee at its meeting in February each year on proposed salary increases for the general employee population and on any changes to remuneration policy within the Group. The Remuneration Committee limits any increases in base salary for Executive Directors so that they are broadly in line with the increase to be applied across the general employee population unless there has been a change in role, or if the salary and total reward falls below the targeted median range.

Proposed remuneration arrangements are discussed with employee communication groups and senior management. The Remuneration Committee does not specifically invite employees to comment on the Executive Directors' remuneration policy but any comments made by employees are taken into account.

As well as periodically benchmarking the remuneration packages of an Executive Director peer-group, the benchmarking exercise which underpins the Group's remuneration policy also considers the remuneration levels of other senior executives in the Group.

The Remuneration Committee's conclusion following recent benchmarking conducted during the period was that the Group should continue with its established policy of targeting total remuneration levels for senior management across the Group within the median range in order to retain and reward key individuals.

Service Contracts and Policy of Payments for Loss of Office

Standard Provision	Policy	Details	Other Provisions in service contracts
Notice periods in Executive Director Service Contracts	12 months' notice from the Company. 12 months' notice from the Executive Director.	Executive Directors may be required to work during their notice period, be placed on gardening leave for all or part of the notice period or be provided with pay in lieu of notice if not required to work the full period of notice.	Executive Directors' service contracts include non-compete and non-poaching provisions
Compensation for loss of office in service contracts	No more than 12 months' salary, pension and benefits (excluding bonus).	Payable monthly and adjusted if the Executive Director obtains alternative employment.	N/A
Treatment of annual bonus on termination	No payment unless employed on the date of payment of bonus except for	"Good leavers" are entitled to a bonus pro-rated to the period of service during the period provided the financial targets	N/A

	<p>"good leavers". The Remuneration Committee retains discretion to determine whether an Executive Director is a "good leaver" taking account of circumstances including in particular death, disability and redundancy.</p>	<p>have been achieved and all necessary conditions have been met.</p> <p>The Remuneration Committee has discretion to reduce the entitlement of a "good leaver" in line with performance and the circumstances of the termination.</p>	
Treatment of unvested and deferred share awards on termination under plan rules	<p>All awards lapse except for "good leavers" (e.g. on death, disability, ill health, injury, retirement, redundancy). The Remuneration Committee retains discretion to treat an Executive Director as a "good leaver" in other circumstances.</p>	<p>For "good leavers", the extent of vesting is at the discretion of the Remuneration Committee taking account of performance to date of leaving and pro-rated for period of employment in the vesting period for the award.</p> <p>The Remuneration Committee's discretion to treat an Executive Director as a "good leaver" will take into account the particular circumstances of the Executive Director's departure.</p>	N/A
Treatment of unvested and deferred share awards in the event of a change in control of the Group		<p>In the event of a change in control of the Group prior to the end of the period set for achievement of performance targets the performance period will be shortened to the date of change of control and awards will vest on change of control based on the extent to which any performance conditions are satisfied by reference to that shortened performance period. If the change of control occurs after the end of the performance period, awards will vest on change of control to the extent that the performance conditions have been satisfied.</p>	N/A
Outside appointments	<p>Executive Directors may accept one Board appointment in another listed company.</p>	<p>The Remuneration Committee Chairman's approval must be sought before accepting appointment. Fees may be retained by the Executive Director.</p>	N/A
Non-Executive Directors	<p>NEDs have letters of appointment with the Company which provide:</p> <p>3 - 6 months' notice from the Company</p> <p>3 - 6 months' notice</p>	<p>NEDs may be required to work during the notice period, be placed on gardening leave for all or part of the notice period, or may be provided with pay in lieu of notice if not required to work the full period of notice.</p>	N/A

Contracts of Service & Letters of Appointment

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 NEDs' fees.

	Date of Service Contract / Letter of Appointment	Unexpired term	Notice period	Provision for compensation
David Bernstein	24 January 2003	6 months	6 months	None
Ray Kelvin	17 July 1997	12 months	12 months	None
Lindsay Page	17 July 1997	12 months	12 months	None
Ronald Stewart	25 February 2009	3 months	3 months	None
Anne Sheinfield	15 June 2010	3 months	3 months	None
Andrew Jennings	1 February 2014	3 months	3 months	None

Recruitment Remuneration

The Group's strong brand identity, cultural and family ethos attract a high calibre of candidate. If needed, external recruitment agencies are engaged to recruit for specialist roles.

The Remuneration Committee's approach to recruitment remuneration is to pay at the comparable internal rate and no more than is necessary to attract candidates with the appropriate level of skill and experience to the role. The Remuneration Committee retains the principle of a median level total remuneration package when benchmarking for new and senior roles.

In order to attract key talent to Ted Baker the Remuneration Committee will, in certain circumstances, consider making a buy-out award to compensate a candidate for losses incurred by leaving a previous employer to join the Group. The specifics of any buy-out award would be dependent on the individual circumstances of recruitment and would not be considered as regular practice and nor would the Remuneration Committee commit to matching any expected value of awards. If a buy-out award were made, the Remuneration Committee would seek to make them on a like-for-like basis to ensure that the value awarded would be no greater than the value forfeited by the individual. The Committee may choose to apply performance conditions to these awards.

A relocation package within HMRC guidelines will be offered to Executive Directors who are required to relocate to take up their appointment within the Group.

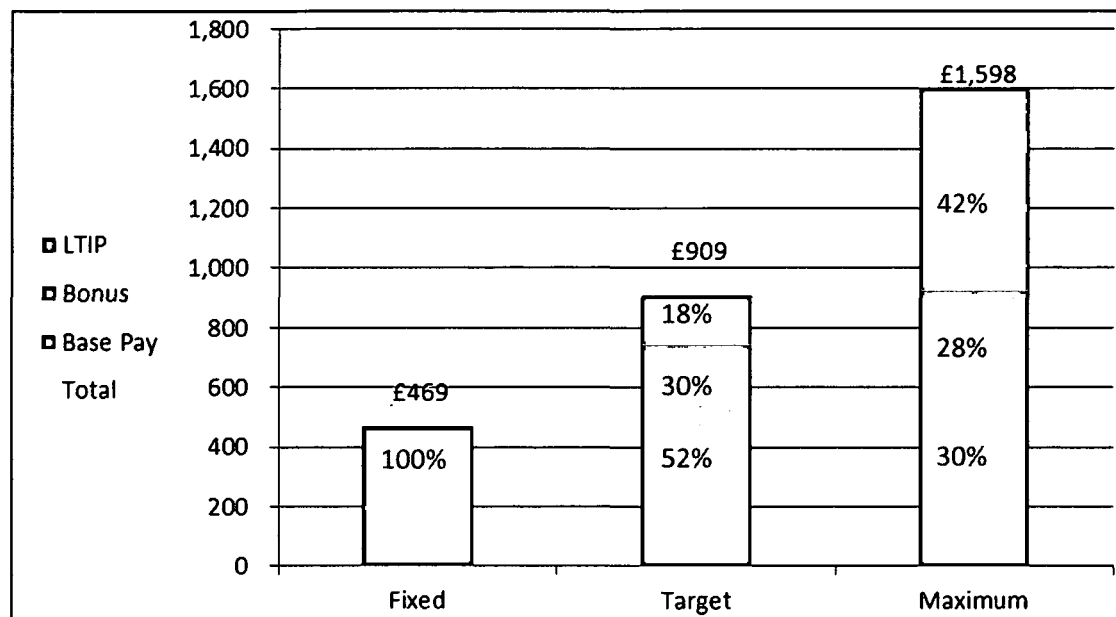
The remuneration package for any new Executive Directors would be made up of the same or broadly similar components to those used to reward existing Executive Directors of the Group. The remuneration package would comprise an appropriate mixture of fixed and variable remuneration as may be required to attract a candidate of appropriate skill and level of qualification.

Consistent with the policy applied to existing Executive Directors, the maximum variable pay elements for any new recruit would comprise annual bonus of up to 100% of base salary, and awards under the 2013 LTIP of up to 150% of base salary (200% in exceptional circumstances).

Total Remuneration Opportunity

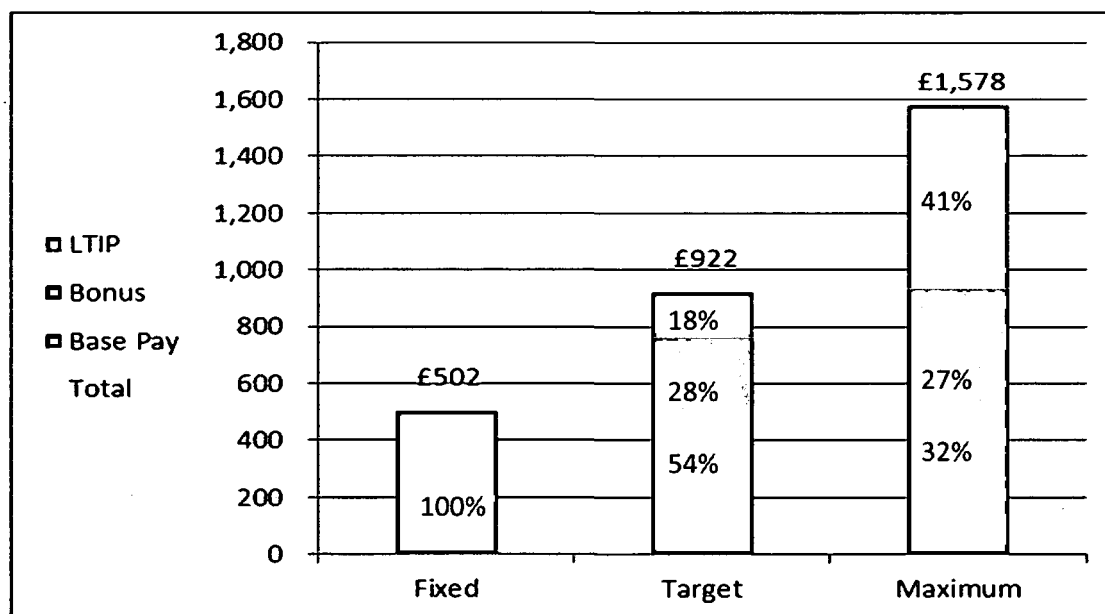
The total remuneration for each of the Executive Directors that could result from the remuneration policy in 2017/18 under three different performance scenarios is shown below:

Ray Kelvin



(Note: Figures are stated in £'000s)

Lindsay Page



(Note: Figures are stated in £'000s)

Notes:

Fixed pay is base salary plus pension and benefits for 2017/18.

Target performance is the level of performance required to deliver 60% of the maximum bonus and 25% of the full LTIP award and the scenario assumes that the share price growth target of 10% is met at the vesting date.

Maximum performance would result in a bonus payment of 100% of salary and 100% vesting of the LTIP award. Again, this assumes that the share price growth target is also met.

For the purpose of the scenarios illustrated above the LTIP variable amount is calculated by

reference to basic salary at the percentage of the Award that would vest under each scenario.

Statement of Consideration of Shareholder Views

The Remuneration Committee reviews annual shareholder feedback on the Directors' Remuneration Report to ensure their views are given due consideration in forming the Company's remuneration policy. Feedback is sought from key shareholders on any major changes to components of executive remuneration, including the level of awards to be made and the performance targets in respect of the Company's long-term incentive schemes.

In 2013 the Remuneration Committee consulted with key shareholders on the design of the Ted Baker Plc Long-term Incentive Plan 2013. The consultation included consideration of the move from a single performance period spanning three years to rolling annual awards, performance metrics and conditions, and the level of awards. A number of meetings were held with key shareholders to discuss their comments and feedback before the scheme was finalised and approved at the General Meeting on 20 June 2013.

During 2016/17 a review of the on-going suitability of the design of the 2013 LTIP was undertaken. It was concluded that the design of the 2013 LTIP and its performance conditions remained appropriate for the Company and no significant changes have therefore been proposed. The only amendment to the 2013 LTIP proposed in the Directors' Remuneration Policy that will be subject to a binding shareholder vote at the forthcoming AGM is the introduction of malus and clawback provisions to awards made after 1 April 2017.

In accordance with the views shared by shareholders, malus and clawback provisions have also been proposed for bonus payments made after 1 April 2017. These measures protect shareholder interests and, taken together with the introduction of minimum shareholding guidelines help align the interests of shareholders with the executive team.

Part C: Annual Report on Remuneration

The tables below set out in a single figure the total amount of remuneration, including each element, received by each of the Executive and Non-Executive Directors for the periods ended 28 January 2017 and 30 January 2016.

Directors' Single Total Figure of Remuneration (Audited)

Period ended 28 January 2017	Salary	Benefits*	Performance -related bonus	Long-Term Incentive Plans**	Pension	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Executive						
Ray Kelvin	445	15	-	757	-	1,217
Lindsay Page	425	18	-	702	53	1,198
Non-Executive						
David Bernstein	70	-	-	-	-	70
Ron Stewart	50	-	-	-	-	50
Anne Sheinfield	50	-	-	-	-	50
A Jennings	50	-	-	-	-	50
	1,090	33	-	1,459	53	2,635

Period ended 30 January 2016	Salary	Benefits*	Performance -related bonus	Long-Term Incentive Plans**	Pension	Total 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Executive						
Ray Kelvin	434	8	223	-	-	665
Lindsay Page	417	18	213	-	53	701
Non-Executive						

David Bernstein	65	-	-	-	-	65
Ron Stewart	45	-	-	-	-	45
Anne Sheinfield	45	-	-	-	-	45
A Jennings	45	-	-	-	-	45
	1,051	26	436	-	53	1,566

**Benefits comprise private medical insurance, car benefits and the discount on any SAYE options granted during the period. With effect from May 2016, Ray Kelvin exercised his right to start to receive the maximum entitlement to car allowance of £15,000 per annum.*

***The value of LTIPs included in the Directors' Single Total Figure of Remuneration tables above relates to Award 1 of the 2013 LTIP which vested in full on 2 July 2016 (2016: No Awards vested). The value included is calculated using the number of options that vested at the share price on the date the Award vested (£23.63), less the cost of exercise (nominal cost of 5p per Ordinary share).*

Annual rates of salary in force during the period

	£'000
Ray Kelvin	
31 January 2016 – 31 March 2016	445
1 April 2016 – 28 January 2017	445
Lindsay Page	
31 January 2016 – 31 March 2016	425
1 April 2016 – 28 January 2017	425

Annual Bonus (Audited)

For the financial period ended 28 January 2017, the financial targets set at the beginning of the period were not exceeded, and therefore no bonus was achieved.

Actual Performance against Performance Targets (Audited)

Performance – related Bonus

The profit targets for the annual bonus and the extent of their achievement are summarised in the table below (straight-line interpolation between points in the range).

	Threshold Bonus 2017	Maximum Bonus 2017	Actual Performance 2017
Profit target*	£66.4m	£76.5m	£65.8m
Percentage of bonus payable to Ray Kelvin	0%	100%	0%
Percentage of bonus payable to Lindsay Page	0%	100%	0%

*The profit target is arrived after adjusting profit before tax for exceptional / non-recurring items and annual bonus, as explained earlier in the Directors' Remuneration Policy.

Long-Term Incentive Schemes (Audited)

Awards under the Ted Baker Plc Long-Term Incentive Plan 2013 (Audited)

During the period, the first award granted under the 2013 LTIP vested in full on 2 July 2016. The table below summarises actual outcomes against the performance conditions set for that Award.

	Performance Conditions	
	Share-price increase underpin*	Profit per share growth**
Threshold performance target	10.0%	10.0%
Maximum performance target	10.0%	15.0%
Actual performance achieved	99.6%	22.8%
Percentage of maximum achieved	100%	100%

*Based on base average 6 month share price at the award date of £13.18 and the 6 month average at the vesting date of £26.31

**Based on base profit per share in 2012/13 of 71.8p and final profit per share of 133.0p in 2015/16.

Awards made under the 2013 LTIP are subject to performance conditions of compound annual growth in profit before tax and exceptional items per share over the three year performance period and share price growth over the three year award period as detailed below.

Performance Conditions	Threshold	Target	Stretch	Super-stretch
Adjusted profit before tax per share	10%	12%	13.5%	15%
Share price growth	10%	10%	10%	10%

Executive Directors' interests in the Company's Share Schemes (Audited)

	Date of grant	Maximum receivable at 30 January 2016	Awarded during the year	Exercised during the year	Lapsed during the year	Maximum receivable at 28 Jan 2017	Option Price (p)	Share price on date of grant (p)	Share price on date of exercise (p)	Exercise period / Vesting date
Ray Kelvin										
2013 LTIP	03 July 2013	32,106				32,106	5.0	1,705.0		02 July 2016 - 02 July 2023
	01 May 2014	30,421				30,421	5.0	1,849.0		30 April 2017 - 30 April 2024
	30 April 2015	23,380				23,380	5.0	2,855.0		29 April 2018 - 29 April 2025
	05 May 2016		28,236			28,236	5.0	2,364.0		04 May 2019 - 04 May 2026
TOTAL		85,907	28,236	0	0	114,143				
Lindsay Page										
2013 LTIP	03 July 2013	29,779		(29,779)		0	5.0	1,705.0	2,942.0	02 July 2016 - 02 July 2023
	01 May 2014	28,393				28,393	5.0	1,849.0		30 April 2017 - 30 April 2024
	30 April 2015	22,329				22,329	5.0	2,855.0		29 April 2018 - 29 April 2025
	05 May 2016		26,967			26,967	5.0	2,364.0		04 May 2019 - 04 May 2026
SAYE	20 May 2014	1,875				1,875	1,600.0	2,000.0		01 July 2019 - 01 January 2020
TOTAL		82,376	26,967	(29,779)	0	79,564				

LTIP awards granted in respect of Ray Kelvin and Lindsay Page represent 24% of the total number of LTIP

awards granted during the period (2016: 24%). The balance included other senior executives across the Group.

Directors' Shareholding (Audited)

The Directors who held office during the period and at 28 January 2017 had the following Interests, including family interests, in the shares of the Company.

Director	Shares beneficially owned as at 28 January 2017	Unvested		Vested but unexercised	Shareholding guideline met
		Share options granted under 2013 LTIP subject to performance conditions	Share options granted under Ted Baker Sharesave Scheme without performance conditions	LTIP 2013 share options	
Ray Kelvin	15,540,280	82,037	-	32,106	Yes
Lindsay Page	81,229	77,689	1,875	-	Yes
David Bernstein	6,000	-	-	-	N/A
Ronald Stewart	313	-	-	-	N/A
Anne Sheinfeld	-	-	-	-	N/A
Andrew Jennings	5,000	-	-	-	N/A

Payments for loss of office (Audited)

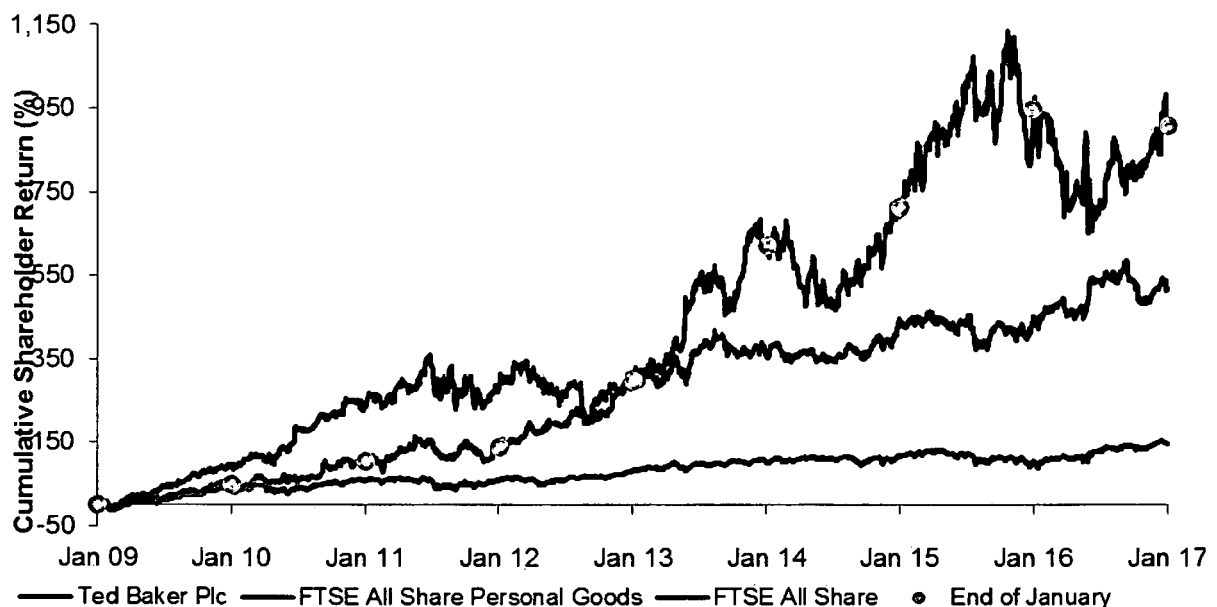
No payments were made in the period for loss of office (2016: £nil).

Payments to past Directors (Audited)

No payments were made in the period to past Directors (2016: £nil).

Performance Graph and Table

The following graph charts the total cumulative shareholder return of the Company from January 2009 to January 2017.



The graph above shows the Company's performance against the FTSE All Share Personal Goods index, Page 48 of 100

the sector against which it is tracked by market analysts, and also against the FTSE All Share index to illustrate the Company's performance in the general market

CEO Remuneration

	2010	2011	2012	2013	2014	2015	2016	2017
Total Remuneration	493	527	569	4,126	701	757	665	1,217
	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>	<i>Note 2</i>				<i>Note 3</i>
% of maximum performance-related bonus paid	75%	76%	67%	0%	90%	100%	50%	0%
% of maximum LTIP vesting	0%	0%	0%	100%	0%	0%	0%	100%

Note 1: The performance criteria in respect of LTIP schemes due to vest in these years were not met and therefore no value crystallised under these schemes.

Note 2: The amount included in Total Remuneration in respect of variable LTIP awards in 2013 comprises the number of nil-cost option awards vesting under the Ted Baker 2009 Value Creation Plan in August 2012 at the share price on the date the awards first became exercisable. Under this scheme awards converted into a number of options which was dependent upon the satisfaction of various performance targets. These options were exercisable over two tranches, the first in October 2012 and the second in October 2013.

Note 3: The first of the awards made under the Ted Baker Plc Long-Term Incentive Plan 2013 vested in full in July 2016. Subsequent awards will vest, dependent on performance conditions being met, annually in future years.

Percentage change in CEO's Remuneration

The table below shows how the percentage change in the CEO's total remuneration excluding share-based payments in 2016 and 2017 compares with the percentage change in the average remuneration for all employees within the Group.

	Salary & Benefits Change	Annual Bonus Change
Chief Executive Officer	4.1%	(100%)
All Employees	11.7%	(100%)

Relative importance of spend

The following table sets out the percentage change in dividends and employee remuneration for the period ended 28 January 2017, compared to the period ended 30 January 2016.

	2017 £'000	2016 £'000	Percentage change
Dividends*	23,658	21,018	12.6%
Employee Remuneration	87,642	76,885	14.0%

**The value of dividends disclosed is the total interim dividend paid during the period and the final dividend proposed for the respective period.*

Statement of implementation of Remuneration Policy in the following financial period

The Remuneration Policy in effect during the period was approved at the Annual General Meeting on 10 June 2014 and took effect for the three years commencing on that date. The updated policy outlined in Section B of the Directors' Remuneration Report will be voted upon at the Annual General Meeting on 13 June 2017 and, provided it is approved, will take effect from that date.

The Remuneration Committee approved base salaries that will be in force from 1 April 2017 of £451,675 for the Company Chief Executive Officer and £431,375 for the Chief Operating Officer & Group Finance Director. The 1.5% increase in the base salary of Executive Directors was determined after considering inflation and other global economic factors, and is consistent with the general increase in salary proposed for employees across the Group.

Fees of £85,000 for the Chairman, £60,000 for Ron Stewart and £55,000 for both Anne Sheinfield and

Andrew Jennings were approved by a subcommittee of the Board and will be in force from 1 April 2017. The decision to increase fees payable to the Non-Executive Directors followed the conclusions of an external benchmarking report carried out during the period, which revealed that existing fees were below median. The decision to increase fees is consistent with Company policy to remunerate at a median level.

The target profit before tax, annual bonus and exceptional items, on which the 2017/18 annual bonus is based, is derived after considering consensus market analyst expectations and maximum bonus pool thresholds in line with the existing annual bonus policy. The target for the 52 weeks ending 27 January 2018 is not disclosed for reasons of commercial sensitivity, but will be disclosed in the annual accounts for that period.

A further award of options under the 2013 LTIP will be made in the 52 weeks ending 27 January 2018. Awards to Executive Directors under this scheme will likely be based on up to 150% of basic salary. However, the Board has approval from shareholders to grant awards of up to 200% of basic salary under this scheme in exceptional circumstances. The performance criteria for the next round of 2013 LTIP awards will be the same as those applied to the four awards previously made under the 2013 LTIP.

Remuneration Committee and Advisers

Remuneration Committee

The Remuneration 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 Remuneration Committee. It approves all service contracts and other contracts between the Company and its Executive Directors and senior executives and, if thought fit, approves any outside interests and other directorships of the Executive Directors. The Remuneration Committee also reviews and approves the design of the Company's long-term incentive schemes and determines the level of awards to be made and approves the performance targets.

The Remuneration Committee is chaired by Anne Sheinfeld and its other members are David Bernstein, Ronald Stewart and Andrew Jennings. Ronald Stewart and Andrew Jennings are independent NEDs as noted in the corporate governance statements. In line with Provision D.2.1 of the Code, David Bernstein, as Non-Executive Chairman, may be a member, but not chair the Remuneration Committee, as he was considered to be independent on appointment.

The terms of reference for the Remuneration Committee are available on the Company's website at www.tedbakercplc.com.

Advisers

During the period, the Remuneration Committee was assisted in its work by PwC, who was appointed by the Company in consultation with the Remuneration Committee. PwC is retained by the Remuneration Committee as its independent executive remuneration adviser. The Remuneration Committee assesses advice provided by PwC from time to time to consider whether it is independent. Comfort is obtained from PwC's adherence to the Remuneration Consultants Group Code of Conduct.

Adviser	Appointed by	Service provided to the Remuneration Committee	Fees based on hourly rates	Other services provided to the Company
PricewaterhouseCoopers LLP	Company	Remuneration and Benchmarking review. Review of Directors' Remuneration Report Advice on impact of current trends on executive remuneration and impact for the Group.	£19,000	Tax, legal, project management and accounting services to the Group

Statement of voting at General Meeting

At the last Annual General Meeting, votes on the remuneration report (excluding the Directors' Remuneration Policy) were cast as follows.

	For % Number	Against % Number	Withheld % Number	Reasons for votes against, if applicable	Action taken by Remuneration Committee
Approval of the 2016 Directors' Remuneration Report	93.09% 32,843,743	1.15% 406,873	5.76% 2,031,469	The number of votes against the Remuneration Report was not considered to be significant	N/A

The Directors' Remuneration Policy is subject to a binding vote by shareholders every 3 years and was last approved at the Annual General Meeting held on 10 June 2014.

	For % Number	Against % Number	Withheld % Number	Reasons for votes against, if applicable	Action taken by Remuneration Committee
Approval of Directors' Remuneration Policy included within the 2014 Directors' Remuneration Report	97.21% 38,322,794	2.79% 1,099,638	0.00% -	The number of votes against the LTIP was not considered to be significant	N/A

The updated Directors' Remuneration Policy outlined in Section B of this report will be voted upon at the Annual General Meeting on 13 June 2017 and, provided it is approved, will take effect from that date.

The Directors' Remuneration Report was approved on behalf of the Board on 23 March 2017 and signed on its behalf by:

Anne Sheinfield
Chairman of the Remuneration Committee

Other Statutory and Regulatory 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 2017. The comparative period is for the 52 weeks ended 30 January 2016.

The information on the following pages, together with the sections of the Annual Report incorporated by reference, constitutes the Strategic Report:

- Chairman's Statement on page 3
- Business Model and Strategy on page 6
- Business Review on page 9
- Financial Review on page 14
- Principal Risks and Uncertainties on page 17
- Sustainability on page 21
- People on page 23

The information on the following pages, together with the sections of the Annual Report incorporated by reference, constitutes the Directors' Report:

- Governance on page 25
- Board of Directors on page 28
- Other Statutory and Regulatory Disclosures on page 52

The Directors' Report also includes additional disclosures required by the UKLA's Disclosure and Transparency Rules and Listing Rules.

For the purposes of DTR 4.1.5R(2) and DTR 4.1.8, this Directors' Report and the Strategic Report comprise the Management Report.

Subsidiary Undertakings

The subsidiary undertakings of the Group in the period are listed in Note 12 to the accounts. The Group also has branches operating in Eire and Portugal.

Results and Dividends

The audited accounts for the 52 weeks ended 28 January 2017 are set out on pages 60 to 99. The Group profit for the 52 weeks, after taxation, was £46.6m (2016: £44.2m). The Directors recommend a final dividend of 38.8p per ordinary share (2016: 34.6p) payable on 23 June 2017 to ordinary shareholders on the register on 19 May 2017 which, together with the interim dividend of 14.8p per share (2016: 13.2p per share) paid on 18 November 2016, makes a total of 53.6p per share for the period (2016: 47.8p per share). The Group maintains a dividend policy of broadly achieving a 2.1x dividend cover.

Directors

The Directors during the period were those listed on page 28. Details of the Directors' beneficial interests in the shares of the Company are shown on pages 53 to 54. Details of their interests in share options are given in the Directors' Remuneration Report on page 34. Brief details of the career of each Director are set out on page 28.

Substantial Shareholdings

As at 28 January 2017, 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
Ray Kelvin	15,540,280	35.18
Capital Research & Management	4,308,842	9.76
Standard Life Investments	2,407,274	5.45

Pursuant to LR9.8.6(1) there has been no change in the interests disclosed to the Company between the end of the period and [***] April 2017.

Share Capital and Control

As at 28 January 2017, 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 20 to the

consolidated financial statements on page 90. As at 28 January 2017 there were 44,168,656 ordinary shares in issue. 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. Other than as set out in the Articles of Association, the Company is not aware of any agreements between shareholders restricting the voting rights or the right to transfer shares in the Company.

The Directors were granted authority at the 2016 annual general meeting (the "2016 AGM") to allot shares in the capital of the Company up to an aggregate nominal amount of £732,857 (being approximately one-third of the issued share capital prior to the 2016 AGM). This authority is due to lapse at the annual general meeting in 2017 (the "2017 AGM"). At the 2017 AGM, shareholders will be asked to grant a similar allotment authority. The Directors were also empowered at the 2016 AGM to make non pre-emptive issues for cash up to an aggregate nominal amount of £219,857 (which, in line with the revised Pre-Emption Group guidelines, reflected the customary disapplication power over 5 per cent. of the issued share capital prior to the 2016 AGM, together with a further 5 per cent. provided that the additional element is only used in connection with acquisitions and specified capital investments). This power is also due to lapse at the 2017 AGM and shareholders will be asked to grant a similar power. In line with best practice and the Pre-Emption Group's latest guidance, shareholders will be asked to approve two separate resolutions in respect of the customary and additional rights, in the form of the Pre-Emption Group's template resolutions. The Company did not seek an authority at the 2016 AGM to buy back its own shares and there was no authority in place as at the end of the period.

The Articles of Association provide that the Company's shareholders may appoint any person to act as a director or, on special notice, remove any director from office by passing an ordinary resolution at a general meeting. The Articles also empower the Board to appoint any person as a director.

The Articles set out when a director must leave office. These include where a director resigns, becomes bankrupt or is prohibited from acting as a director for other reasons, is absent from the business for the long-term or where a director is required to resign by all the other Directors.

The Articles provide that any director who was appointed by the Board during the period shall retire at the next annual general meeting following his or her appointment, but that director may then stand for election by the Company's shareholders. Additionally, at each Annual General Meeting one-third of the Directors must retire from office and each director must retire at least once every three years. Retiring Directors may stand for re-election by the Company's shareholders. Notwithstanding the provisions of the Articles, the Company's current practice, in accordance with the recommendations of the Code, is to require each director to stand for election or re-election by the Company's shareholders on an annual basis. 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 2017 and their connected persons had interests in the shares of the Company as shown in the table below.

	% of share capital	28 January 2017 Beneficial No	30 January 2016 Beneficial No
Ray Kelvin	35.18%	15,540,280	15,540,280
Lindsay Page	0.18%	81,229	81,229
David Bernstein	-	6,000	6,000

Ron Stewart	-	313	313
Andrew Jennings	-	5,000	5,000

Pursuant to LR9.8.6R(1) there has been no change in the beneficial interests of the Directors between the end of the period and [***] April 2017.

Controlling Shareholder

Pursuant to LR 9.8.4R(14)(a), the Directors confirm that the Company entered into a written and legally binding relationship agreement with Ray Kelvin on 14 November 2014 which is intended to ensure that Ray Kelvin complies with the independence provisions set out in LR 6.1.4D R (the "Relationship Agreement").

Pursuant to LR 9.8.4R(14)(c)(i), the Directors confirm that the Company has complied with the independence provisions set out in the Relationship Agreement during the period. In addition, pursuant to LR 9.8.4R(14)(c)(ii), the Directors confirm that, so far as the Company is aware, Ray Kelvin and his associates have complied with the independence provisions set out in the Relationship Agreement during the period.

This paragraph sets out all information required by LR9.8.4R that is applicable to the Company during the period.

Donations

The value of charitable donations made during the period was £15,617 (2016: £30,580). There were no political donations made during the period (2016: £nil).

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 to 22.

People

Details of the Group's policies with respect to people and employees are set out in the People statement on page 23 to 24.

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 financial risk management are outlined in Note 23 of the Financial Statements on pages 92 to 98. Such information is incorporated into this Directors' Report by reference.

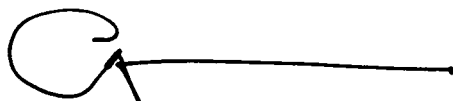
Post Balance Sheet Events

There have been no important events affecting the Group since the end of the period.

Directors' Statement Regarding Disclosure of Information to Auditor

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 auditor is 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 auditor is aware of any such information.

The report was approved by the Board of Directors on 23 March 2017 and signed on its behalf by:



Charles Anderson
Finance Director & Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the 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 period. The Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 Strategic Report, 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.

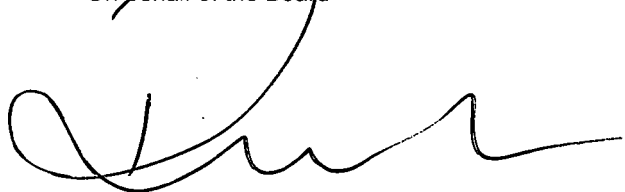
Responsibility statement of the Directors in respect of the annual financial report

We, the Directors of the Company, whose names and functions are set out on page 28 confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which comprises the Strategic Report and the Directors' Report, includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board



Ray Kelvin
Founder & Chief Executive

23 March 2017



Lindsay Page
Chief Operating Officer & Group Finance Director

23 March 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TED BAKER PLC ONLY

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Ted Baker Plc for the 52 week period ended 28 January 2017 set out on pages 60 to 99. 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 2017 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (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.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows (unchanged from 2016):

Valuation of Inventory £158.5m (2016: £125.3m)

Refer to page 30 (Audit Committee statement), page 71 (accounting policy note) and page 88 (financial statement disclosures).

The risk: Inventory is carried in the Financial Statements at the lower of cost and net realisable value. Sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trends. As a result there is a risk that the carrying value of inventory exceeds its net realisable value.

Our response: Our procedures were designed to challenge the adequacy of the Group's provisions against inventory by seasonal collection and included:

- Testing on a sample basis the controls related to inventory stock counts and purchases;
- Testing on a sample basis that items on the stock ageing listing by season were classified in the appropriate ageing bracket;
- Assessing, in accordance with the relevant accounting standards, the inventory cost methodology and the reasonableness of items included in the cost of inventory;
- Evaluated current year provision by assessing historical accuracy. We examined the Group's historical trading patterns of inventory sold at full price and inventory sold below full price through alternative clearance routes, together with the related margins achieved for each channel. We used the information on trading patterns to assess whether the provisions held have historically been set at an appropriate level; and
- Assessing, based on our knowledge of the Group and the market, the appropriateness of the provision percentages applied by challenging the assumptions made by the Directors on the extent to which older season inventory can be sold through various channels.

We have also considered the adequacy of the Group's disclosures in respect of the levels of provisions against inventory.

Valuation of Retail Store Assets (leasehold improvements, fixtures, fittings, and office equipment) £80.7m (2016: £62.1m)

Refer to page 30 (Audit Committee statement), page 70 (accounting policy note) and pages 82 to 83 (financial statement disclosures).

The risk: The Group has invested a significant amount of capital both within and outside the UK in its retail store portfolio. Given the relative immaturity of the brand outside the UK, the payback period is typically longer than for UK stores. The Group had 462 (2016: 422) stores and 28 (2016: 26) outlets as at 28 January 2017. There is a risk that the carrying value of retail store leasehold improvements, fixtures, fittings and office equipment may be overstated if the profitability expectations for the related stores are adversely impacted by trading and other conditions that were

not anticipated in the initial business case. The level of judgement involved in assessing impairment indicators on retail stores is one of the key judgmental areas that our audit is concentrated on.

Our response: Our procedures were designed to challenge whether there were any indicators of impairment and the need for any provisions against the asset carrying value and included:

- Evaluating the methodology, completeness, and accuracy of the Group's impairment trigger assessment. This assessment is undertaken for all stores regardless of the period of time the store has been open. This analysis is used to identify those stores performing below expectations and accordingly with assets at a greater risk of impairment;
- For stores identified by the above analysis, we considered whether there was an indicator of impairment based on the number of years the store has been open, as well as the local market conditions;
- Where there were indicators of impairment, assessing the cash flow forecasts for that store against historical performance and knowledge of the market to check whether the recoverable amount exceeds the carrying amount of the leasehold improvements. This included:
 - testing the accuracy of the calculations;
 - assessing the key assumptions including growth rates in turnover and margin expectations by reference to historical rates achieved, the accuracy of previous forecasts and our understanding of the maturity of the brand in the particular region;
 - considering the appropriateness of the discount rates applied by benchmarking against other comparable companies and assessing the key assumptions applied within the Group's adjusted WACC against available external market data; and
 - applying sensitivity analysis on the key assumptions used in the cash flow forecasts to assess the possible range of outcomes and the overall risk of any material impairment.

We have also considered the adequacy of the Group's disclosures in respect of impairment of retail fixed assets.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £3.0m (2016: £2.8m) determined with reference to a benchmark of Group profit before tax of which it represents 4.8% (2016: 4.8%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £150,000 (2016: £140,000) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 22 (2016: 23) reporting components, the Group audit team subjected the 3 (2016: 4) UK components to an audit for Group reporting purposes and 1 (2016: 3) US component to specified risk focused audit procedures performed by component auditors in the US.

The components within the scope of our work accounted for the following percentages of the Group's results:

2017	Number of Components	Group Revenue	Total profits and losses that made up group profit before tax	Total Assets
Audits for group reporting purposes	3	61%	92%	64%
Specified risk focused audit procedures	1	24%	4%	22%
Total	4	85%	96%	86%
2016				
Audits for group reporting purposes	4	67%	82%	67%
Specified risk focused audit procedures	3	24%	9%	23%
Total	7	91%	91%	90%

For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors in the US as to the significant areas to be covered, including where relevant the risks detailed above and the information to be reported back. The UK components audits were covered by the Group team. The Group audit team approved the components' materialities which ranged from £2.2m - £2.9m (2016: £2.1m - £2.7m), having regard to the mix of size and risk profile of the Group across the components.

The Group team visited the component auditor in the US and telephone conference meetings were held with the US component auditor. At these meetings the Group team discussed the audit strategy and the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the US component auditor.

4 *Our opinion on other matters prescribed by the Companies Act 2006 is unmodified*

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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

5 *We have nothing to report on the disclosures of principal risks*

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' viability statement on page 20, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the next 5 years to 2022; or
- the disclosures in Note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 *We have nothing to report in respect of the matters on which we are required to report by exception*

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy; or
- the Audit Committee Statement does not appropriately address matters communicated by us to the audit committee.

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.
- Under the Listing Rules we are required to review:
 - the directors' statements, set out on page 55, in relation to going concern and longer-term viability; and
 - the part of the Corporate Governance Statement on page 25 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page [⁵⁵], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.



Robert Brent (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square,

London,

E14 5GL

23 March 2017

Group Income Statement

For the 52 weeks ended 28 January 2017

	Note	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
		£'000	£'000
Revenue	2	530,986	456,169
Cost of sales		(207,257)	(183,147)
Gross profit		323,729	273,022
Distribution costs		(208,221)	(169,762)
Administrative expenses		(70,103)	(57,435)
Administrative expenses before exceptional costs		(65,590)	(57,435)
Exceptional costs	3	(4,513)	-
Licence income		18,237	14,384
Other operating expense		(1,145)	(840)
Operating profit		62,497	59,369
Finance income	4	1,597	531
Finance expense	4	(3,373)	(1,931)
Share of profit of jointly controlled entity, net of tax	12	550	695
Profit before tax	3	61,271	58,664
Profit before tax and exceptional costs		65,784	58,664
Exceptional costs		(4,513)	-
Income tax expense	6	(14,703)	(14,429)
Profit for the period		46,568	44,235
Earnings per share			
Basic	9	105.7p	100.6p
Diluted	9	104.5p	99.3p

Group Statement of Comprehensive Income

For the 52 weeks ended 28 January 2017

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Profit for the period	46,568	44,235
Other comprehensive income		
Items that may be reclassified to the Income Statement		
Net effective portion of changes in fair value of cash flow hedges	10,521	951
Net change in fair value of cash flow hedges transferred to profit or loss	(5,435)	(669)
Exchange differences on translation of foreign operations net of tax	5,580	2,599
Other comprehensive income for the period	10,666	2,881
Total comprehensive income for the period	57,234	47,116

Group Statement of Changes in Equity

For the 52 weeks ended 28 January 2017

	Share capital	Share premium	Cash flow hedging reserve	Translation reserve	Retained earnings	Total equity attributable to equity shareholders of the parent
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 January 2016	2,199	9,617	1,650	2,311	156,822	172,599
Comprehensive income for the period						
Profit for the period	-	-	-	-	46,568	46,568
Exchange differences on translation of foreign operations	-	-	-	7,038	-	7,038
Current tax on foreign currency translation	-	-	-	(1,458)	-	(1,458)
Effective portion of changes in fair value of cash flow hedges	-	-	11,714	-	-	11,714
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	(5,435)	-	-	(5,435)
Deferred tax associated with movement in hedging reserve	-	-	(1,193)	-	-	(1,193)
Total comprehensive income for the period	-	-	5,086	5,580	46,568	57,234
Transactions with owners recorded directly in equity						
Increase in issued share capital	9	318	-	-	-	327
Share-based payments charges	-	-	-	-	1,839	1,839
Movement on current and deferred tax on share-based payments	-	-	-	-	281	281
Dividends paid	-	-	-	-	(21,736)	(21,736)
Total transactions with owners	9	318	-	-	(19,616)	(19,289)
Balance at 28 January 2017	2,208	9,935	6,736	7,891	183,774	210,544

Group Statement of Changes in Equity

For the 52 weeks ended 30 January 2016

	Share capital	Share premium	Cash flow hedging reserve	Translation reserve	Retained earnings	Total equity attributable to equity shareholders of the parent
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 January 2015	2,196	9,331	1,368	(288)	127,967	140,574
Comprehensive income for the period						
Profit for the period	-	-	-	-	44,235	44,235
Exchange differences on translation of foreign operations	-	-	-	3,242	-	3,242
Current tax on foreign currency translation	-	-	-	(643)	-	(643)
Effective portion of changes in fair value of cash flow hedges	-	-	996	-	-	996
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	(669)	-	-	(669)
Deferred tax associated with movement in hedging reserve	-	-	(45)	-	-	(45)
Total comprehensive income for the period	-	-	282	2,599	44,235	47,116
Transactions with owners recorded directly in equity						
Increase in issued share capital	3	286	-	-	-	289
Share-based payments charges	-	-	-	-	2,019	2,019
Movement on current and deferred tax on share-based payments	-	-	-	-	1,144	1,144
Dividends paid	-	-	-	-	(18,543)	(18,543)
Total transactions with owners	3	286	-	-	(15,380)	(15,091)
Balance at 30 January 2016	2,199	9,617	1,650	2,311	156,822	172,599

Company Statement of Changes in Equity

For the 52 weeks ended 28 January 2017

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 30 January 2016	2,199	9,617	19,060	38,697	69,573
Profit for the period	-	-	-	27,246	27,246
Transactions with owners recorded directly in equity					
Increase in issued share capital	9	318	-	-	327
Share-based payments charges	-	-	-	219	219
Share-based payments charges for awards granted to subsidiary employees	-	-	1,620	-	1,620
Dividends paid	-	-	-	(21,736)	(21,736)
Total transactions with owners	9	318	1,620	(21,517)	(19,570)
Balance at 28 January 2017	2,208	9,935	20,680	44,426	77,249

Company Statement of Changes in Equity

For the 52 weeks ended 30 January 2016

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 January 2015	2,196	9,331	17,287	32,978	61,792
Profit for the period	-	-	-	24,016	24,016
Transactions with owners recorded directly in equity					
Increase in issued share capital	3	286	-	-	289
Share-based payments charges	-	-	-	246	246
Share-based payments charges for awards granted to subsidiary employees	-	-	1,773	-	1,773
Dividends paid	-	-	-	(18,543)	(18,543)
Total transactions with owners	3	286	1,773	(18,297)	(16,235)
Balance at 30 January 2016	2,199	9,617	19,060	38,697	69,573

Group and Company Balance Sheet

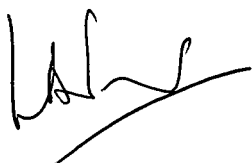
At 28 January 2017

	Note	Group 28-Jan-17 £'000	Group 30-Jan-16 £'000	Company 28-Jan-17 £'000	Company 30-Jan-16 £'000
Intangible assets	10	24,445	17,247	-	-
Property, plant and equipment	11	144,354	123,397	-	-
Investments in subsidiary	12	-	-	23,102	21,482
Investment in equity accounted investee	12	1,897	1,641	-	-
Deferred tax assets	13	4,446	6,313	-	-
Prepayments		401	414	-	-
Non-current assets		175,543	149,012	23,102	21,482
Inventories	14	158,500	125,323	-	-
Trade and other receivables	15	59,251	49,303	51,932	47,486
Amount due from equity accounted investee	12	653	563	-	-
Derivative financial assets	16	8,974	2,850	-	-
Cash and cash equivalents	17	21,401	13,295	2,238	615
Current assets		248,779	191,334	54,170	48,101
Trade and other payables	18	(80,995)	(61,088)	(23)	(10)
Bank overdraft	17	(58,074)	(37,869)	-	-
Term loan	23	(6,000)	(1,500)	-	-
Income tax payable		(10,327)	(8,382)	-	-
Provisions for liabilities and charges	19	(915)	-	-	-
Derivative financial liabilities	16	(616)	(352)	-	-
Current liabilities		(156,927)	(109,191)	(23)	(10)
Deferred tax liability	13	(2,349)	(56)	-	-
Provisions for liabilities and charges	19	(2,002)	-	-	-
Term loan	23	(52,500)	(58,500)	-	-
Non-current liabilities		(56,851)	(58,556)	-	-
Net assets		210,544	172,599	77,249	69,573
Equity					
Share capital	20	2,208	2,199	2,208	2,199
Share premium	20	9,935	9,617	9,935	9,617
Other reserves	20	6,736	1,650	20,680	19,060
Translation reserve	20	7,891	2,311	-	-
Retained earnings	20	183,774	156,822	44,426	38,697
Total equity attributable to equity shareholders of the parent company		210,544	172,599	77,249	69,573
Total equity		210,544	172,599	77,249	69,573

These financial statements were approved by the Board of Directors on 23 March 2017 and were signed on its behalf by:

Lindsay Page
Director

Company number: 03393836



Group and Company Cash Flow Statement

For the 52 weeks ended 28 January 2017

	Group 52 weeks ended 28 January 2017 £'000	Group 52 weeks ended 30 January 2016 £'000	Company 52 weeks ended 28 January 2017 £'000	Company 52 weeks ended 30 January 2016 £'000
Cash generated from operations				
Profit for the period	46,568	44,235	27,246	24,016
Adjusted for:				
Income tax expense	14,703	14,429	-	-
Depreciation and amortisation	20,966	14,929	-	-
Impairment	-	188	-	-
Loss on disposal of property, plant & equipment	416	58	-	-
Share-based payments	1,839	2,019	219	247
Net finance expense	1,776	1,400	-	-
Net change in derivative financial assets and liabilities carried at fair value through profit or loss	677	840	-	-
Share of profit in joint venture	(550)	(695)	-	-
Decrease in non-current prepayments	59	52	-	-
Increase in inventory	(27,128)	(12,142)	-	-
Increase in trade and other receivables	(16,335)	(10,805)	(4,446)	(5,977)
Increase in trade and other payables	20,392	1,566	13	-
Increase in provisions for liabilities and charges	2,917	-	-	-
Interest paid	(2,886)	(1,376)	-	-
Income taxes paid	(10,644)	(13,127)	-	-
Net cash generated from operating activities	52,770	41,571	23,032	18,286
Cash flow from investing activities				
Purchases of property, plant & equipment and intangibles	(43,753)	(89,535)	-	-
Proceeds from sale of property, plant & equipment	93	-	-	-
Investment in subsidiaries	-	-	-	-
Dividends received from joint venture	294	344	-	-
Interest received	15	-	-	-
Net (decrease) in cash from investing activities	(43,351)	(89,191)	-	-
Cash flow financing activities				
Proceeds of term loan	-	60,000	-	-
Repayment of term loan	(1,500)	-	-	-
Dividends paid	(21,736)	(18,543)	(21,736)	(18,543)
Proceeds from issue of shares	327	289	327	289
Net (decrease) in cash from financing activities	(22,909)	41,746	(21,409)	(18,254)
Net (decrease) / increase in cash and cash equivalents	(13,490)	(5,874)	1,623	32
Net cash and cash equivalents at the beginning of the period	(24,574)	(18,824)	615	583
Exchange rate movement	1,391	124	-	-
Net cash and cash equivalents at the end of the period	(36,673)	(24,574)	2,238	615
Cash and cash equivalents at the end of the period	21,401	13,295	2,238	615
Bank overdraft at the end of the period	(58,074)	(37,869)	-	-
Net cash and cash equivalents at the end of the period	(36,673)	(24,574)	2,238	615

Notes to the Financial Statements

1) Summary of significant accounting policies

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

a) Basis of preparation

Both the consolidated and Company 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 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 3 to 16. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement on pages 3 to 5. In addition, Note 23 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.

As highlighted in Note 23 to the financial statements, the Group meets its day-to-day working capital requirements through a committed overdraft facility expiring in March 2018 which 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 working capital and capital expenditure to support the Group's growth strategy.

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 twelve months from the date of signing these financial statements, 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 certain 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 on-going 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

No new standards, amendments or interpretations, effective for the first time for the period beginning on or after 31 January 2016 have had a material impact on the Group or Company.

IFRS 15, 'Revenue from Contracts with Customers' which is effective from 1 January 2018 has been considered by the Group and it was concluded this will not be significant to the Group's financial statements in the future.

At the balance sheet date there are a number of new standards and amendments to existing standards in issue but not yet effective. None of these is expected to have a significant effect on the financial statements of the Group or Company, except the following, set out below:

IFRS 9, 'Financial instruments', which is effective for periods beginning on or after 1 January 2018, replaces IAS 39 and addresses the classification, measurement and recognition of financial assets and financial liabilities. This was endorsed by the EU in November 2016 and as such the impact on the Group is currently being assessed.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing

activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019. The quantitative impact of IFRS 16 on the Group's net assets and results is being assessed. IFRS 16 is expected to have a material impact on the balance sheet as both assets and liabilities will increase and is also expected to have a material impact on key components within the income statements because operating lease rental charges will be replaced by depreciation and finance costs. IFRS 16 will not have any impact on the underlying commercial performance of the Group or the cash flow generated in the period.

b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 28 January 2017. 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 period 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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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.

Exchange differences arising from a monetary item receivable from or payable to a foreign entity, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

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 a customer. Wholesale revenue is recognised when title has passed in accordance with the individual terms of trade. Licence income receivable from licencees is accrued as earned on the basis of the terms of the relevant licence agreement, which is typically on the basis of a minimum payment spread over the licence period and a variable amount based on turnover. Accrued income is from licence income earned but not billed in the period.

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. Cash refunds are available to customers returning unwanted products with proof of purchase within 14 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 are determined on the basis of revenue achieved in specific retail locations and are accrued for on that basis. The Group engages in lease and concession arrangements that include fixed and variable elements, depending on the terms of the underlying agreement. The Group has disclosed in Note 3 the amounts charged in the period, and in Note 22 sets out the firm commitments for future periods.

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 period 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 granted under the Sharesave scheme and the Ted Baker Plc Long-term Incentive Plan are measured at fair value at the date of grant using the Black-Scholes and Monte Carlo pricing models respectively. The pricing models take 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.

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 and interest rate exposures. Derivatives are recognised initially at fair value. 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 foreign currency and interest rate derivatives which are designated as effective hedges of future cash flows are recognised in equity in the cash flow hedging reserve, and remain there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement.

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.

Changes in the fair value of foreign currency derivatives which are ineffective or do not meet the criteria for hedge accounting are recognised in the income statement.

The Group does not hold any fair value hedging instruments.

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.

Expenditure on development activities is capitalised if the product is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Key Money is not amortised but systematically tested for impairment at each balance sheet date as the Directors are of the opinion the residual value of the asset is in excess of the carrying value. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Key money:	No amortisation charged.
Computer software:	4 – 8 years.
Computer software under development:	Assets under development are stated at cost less transfers to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred.

l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on the following bases:

Freehold land:	Not depreciated.
Freehold buildings:	Straight line over 50 years.
Leasehold improvements:	Straight line over the shorter of the period of the unexpired term of the lease or the useful economic life of the improvement.
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 or over the expected useful economic life of the asset.
Motor vehicles:	25% per annum on a straight-line basis over the expected useful economic life of the asset.

Assets under construction:

Assets in the course of construction are stated at cost less transfers to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred.

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) Impairment of property, plant and equipment and intangible assets

Assets that are subject to depreciation or 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 adjusted 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.

n) Investments

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

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) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are discounted if the impact on the provision is deemed to be material.

w) 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

Leasehold improvements for stores are identified for further impairment testing primarily on the basis of current and projected performance, with growth assumptions based on Directors' knowledge and experience. Given the relative immaturity of the brand outside the UK, the payback period is typically longer and it is not uncommon for new stores to make losses in their start-up phase. Judgment is therefore applied by the Directors in assessing the trigger point for impairment, recognising that losses in the start-up phase are not always indicative of the future performance of a particular store. The Directors have used forecast models and an appropriate pre-tax adjusted weighted average cost of capital in its property, plant and equipment impairment calculations.

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. Inventory is carried in the financial statements at the lower of cost and net realisable value. Sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trends. As a result there is a risk that the cost of inventory exceeds its net realisable value. Management calculates the inventory provision on the basis of the ageing profile of what is in stock. Adjustments are made where appropriate based on Directors' knowledge and experience to calculate the appropriate inventory carrying values.

x) Non-GAAP performance measures

Exceptional items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of the Group's on-going business. Generally this will include those items that are largely one-off and material in nature. Exceptional items are identified and presented on a consistent basis each period and a reconciliation of profit before tax and exceptional items to profit before tax is included in the financial statements.

Exceptional items in the period included:

- costs in relation to the closure of the Group's legacy warehouses in the UK. The Directors believe this cost to be one-off in nature as the Group do not close existing warehouses or move to new warehouses regularly;
- costs in relation to the closure of a concept store in London. The Directors believe this cost to be one-off in nature as the Group does not open concept stores frequently.

There were no exceptional items in the prior period.

Exceptional items and their related tax impacts are added back/deducted from profit attributable to the owners of the Company to arrive at adjusted earnings per share.

The Directors believe that the profit before exceptional items and adjusted earnings per share measures provide useful information for shareholders on the underlying performance of the business as these exceptional items are one-off and material in nature. These measures are also 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.

Constant Currency variances are calculated by applying the previous financial period foreign exchange rates to current period results in overseas subsidiaries to remove the impact of exchange rate fluctuations. The Directors believe this provides a consistent and comparable view of the underlying performance of the Group's on-going business.

2. Segment information

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

For each of the three segments, the Executive Committee reviews internal management reports on a four weekly basis.

The accounting policies of the reportable segments are the same as described in Note 1 on pages 67 to 73. 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 before exceptional items are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

a) Segment revenue and segment result

52 weeks ended 28 January 2017	Retail	Wholesale	Licence income	Total
	£'000	£'000	£'000	£'000
Revenue	400,724	130,262	-	530,986
Cost of sales	(135,704)	(71,553)	-	(207,257)
Gross profit	265,020	58,709	-	323,729
Operating costs	(203,253)	-	-	(203,253)
Operating contribution	61,767	58,709	-	120,476
Licence income	-	-	18,237	18,237
Segment result	61,767	58,709	18,237	138,713

Reconciliation of segment result to profit before tax

Segment result	61,767	58,709	18,237	138,713
Other operating costs	-	-	-	(70,558)
Exceptional costs	-	-	-	(4,513)
Other operating expense	-	-	-	(1,145)
Operating profit	-	-	-	62,497
Net finance expense	-	-	-	(1,776)
Share of profit of jointly controlled entity, net of tax	-	-	-	550
Profit before tax	-	-	-	61,271

Capital expenditure	21,358	411	-	21,769
Unallocated capital expenditure	-	-	-	21,985
Total capital expenditure	-	-	-	43,754

Depreciation and amortisation	16,588	397	-	16,985
Unallocated depreciation and amortisation	-	-	-	3,981
Total depreciation and amortisation	-	-	-	20,966

Segment assets	225,632	83,161	-	308,793
Deferred tax assets	-	-	-	4,446
Derivative financial assets	-	-	-	8,974
Intangible assets – head office	-	-	-	21,718
Property, plant and equipment – head office	-	-	-	77,440
Other assets	-	-	-	2,951
Total assets	-	-	-	424,322

Segment liabilities	(104,953)	(34,116)	-	(139,069)
Income tax payable	-	-	-	(10,327)
Provisions for liabilities and charges	-	-	-	(2,917)
Term loan	-	-	-	(58,500)
Other liabilities	-	-	-	(2,965)
Total liabilities	-	-	-	(213,778)

Net assets	-	-	-	210,544
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Wholesale sales are shown after the elimination of inter-company sales of £89,695,272 (2016: £65,535,811).

52 weeks ended 30 January 2016

	Retail	Wholesale	Licence income	Total
	£'000	£'000	£'000	£'000
Revenue	348,433	107,736	-	456,169
Cost of sales	(122,557)	(60,590)	-	(183,147)
Gross profit	225,876	47,146	-	273,022
Operating costs	(163,484)	-	-	(163,484)
Operating contribution	62,392	47,146	-	109,538
Licence income	-	-	14,384	14,384
Segment result	62,392	47,146	14,384	123,922
Reconciliation of segment result to profit before tax				
Segment result	62,392	47,146	14,384	123,922
Other operating costs	-	-	-	(63,713)
Exceptional costs	-	-	-	-
Other operating expense	-	-	-	(840)
Operating profit	-	-	-	59,369
Net finance expense	-	-	-	(1,400)
Share of profit of jointly controlled entity, net of tax	-	-	-	695
Profit before tax	-	-	-	58,664
Capital expenditure	19,386	1,153	-	20,539
Unallocated capital expenditure	-	-	-	68,994
Total capital expenditure	-	-	-	89,533
Depreciation and amortisation	11,966	258	-	12,224
Unallocated depreciation and amortisation	-	-	-	2,705
Total depreciation and amortisation	-	-	-	14,929
Segment assets	186,826	60,468	-	247,294
Deferred tax assets	-	-	-	6,313
Derivative financial assets	-	-	-	2,850
Intangible assets – head office	-	-	-	14,199
Property, plant and equipment – head office	-	-	-	67,072
Other assets	-	-	-	2,618
Total assets	-	-	-	340,346
Segment liabilities	(75,232)	(23,726)	-	(98,958)
Income tax payable	-	-	-	(8,382)
Term loan	-	-	-	(60,000)
Other liabilities	-	-	-	(407)
Total liabilities	-	-	-	(167,747)
Net assets	-	-	-	172,599

b) Geographical information

	UK	US	Rest of World	Total
	£'000	£'000	£'000	£'000
52 weeks ended 28 January 2017				
Revenue	316,542	130,941	83,503	530,986
Non-current assets*	118,879	34,571	17,647	171,097
52 weeks ended 30 January 2016				
Revenue	291,804	99,931	64,434	456,169
Non-current assets*	103,642	25,578	13,479	142,699

*Non-current assets exclude deferred tax assets.

c) Revenue by collection

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Menswear	226,731	202,083
Womenswear	304,255	254,086
	530,986	456,169

3. Profit before tax

Profit before tax is stated after charging/(crediting):	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Depreciation and amortisation	20,966	14,929
Impairment of property, plant and equipment	-	188
Exceptional costs	4,513	-
Leasehold properties & concession rentals*		
Fixed lease payments	56,558	41,171
Variable rental and commission payments	36,125	29,724
Loss on sale of property, plant & equipment and intangibles	416	58
Auditor remuneration:		
Audit of these financial statements	12	11
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	300	205
Interim financial statements review	17	17
Audit related assurance services	21	20
Taxation compliance and other advisory services	10	114

*Disclosed above are the costs charged in the period relating to leasehold properties and concession arrangements. These are either fixed in nature or variable based on revenue levels for a particular store or concession, where relevant, excluding e-commerce sales with concession partners.

Exceptional costs in the period of £4.5m (2016: £nil) include a provision for lease commitments relating to the Group's legacy warehouses of £2.9m along with £0.7m of other closure costs and £0.9m in respect of closure costs for a concept store in London.

There were no amounts recognised as exceptional costs or income during the 52 weeks ended 30 January 2016.

4. Finance income and expenses

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Finance income		
- Interest receivable	15	-
- Foreign exchange gains	1,582	531
	<u>1,597</u>	<u>531</u>
Finance expenses		
- Interest payable	(2,933)	(1,430)
- Foreign exchange losses	(440)	(501)
	<u>(3,373)</u>	<u>(1,931)</u>

5. Staff numbers and costs

The average number of employees (including Executive Directors) was:

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	No.	No.
Sales	2,429	2,281
Design	94	78
Administration	643	596
	<u>3,166</u>	<u>2,955</u>
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	76,240	67,178
Share-based payment charge	1,841	2,019
Social security costs	7,779	6,266
Pension costs	1,782	1,422
	<u>87,642</u>	<u>76,885</u>

The figures stated above are Group staff costs and as such include the costs for Ray Kelvin, who is the only salaried employee of the parent company for both periods.

Further details of his remuneration may be found in the Directors' Remuneration Report on page 34 to 51.

Directors' Remuneration

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Executive Directors' remuneration	903	1,313
Non-Executive Directors' remuneration	220	200
Amounts received by Executive Directors under long-term incentive schemes	875	-

The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest paid director was £1,318,000 (2016: £665,000). In the period ended 28 January 2017, amounts received under long-term incentive schemes related to the exercise of options due to Lindsay Page under Award 1 of the 2013 LTIP. Options due to Ray Kelvin remained unexercised at the period-end. Further details can be found in the Directors' Remuneration Report.

No amounts in relation to pension contributions to a money purchase scheme were made on behalf of Ray Kelvin during the 52 weeks ended 28 January 2017 or the 52 weeks ended 30 January 2016. Amounts in relation to pension contributions to a money purchase scheme were made on behalf of Lindsay Page during the period totalling £53,125 (2016: £53,125).

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	No.	No.
Retirement benefits are accruing to the following number of Directors under money purchase schemes	1	1

6. Income tax expense

a) The tax charge comprises

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Current tax		
United Kingdom Corporation Tax	12,343	11,609
Overseas Tax	3,625	5,060
Deferred tax		
United Kingdom Corporation Tax	977	46
Overseas Tax	(1,038)	(854)
Prior period (over)/under provision		
Current tax	(4,481)	(2,854)
Deferred tax	3,277	1,422
	14,703	14,429

The movements in prior period current and deferred tax provisions are largely a result of accelerated tax relief claims on fixed assets in the US (2016: movements largely due to accelerated capital allowances in the UK).

b) Deferred tax movement by type

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Property, plant & equipment	(464)	(107)
Share-based payments	(49)	336
Overseas losses	379	412
Inventory	(41)	(65)
Other	236	232
	61	808

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 2017	52 weeks ended 30 January 2016
	£'000	£'000
Profit before tax	61,271	58,664
Profit multiplied by the standard rate in the UK – 20%, (2016: standard rate in the UK of 20.16%)	12,254	11,827
Income not taxable/expenses not deductible for tax purposes	675	759
Overseas losses not recognised	1,494	678
Movement in current and deferred tax on share awards and options	31	30
Prior period over provision	(1,204)	(1,432)
Effect of rate change on corporation tax	-	41
Difference due to overseas tax rates	1,453	2,526
Total income tax expense	14,703	14,429

d) Deferred and current tax recognised directly in equity

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Current tax credit on share awards and options	(554)	(190)
Deferred tax charge / (credit) on share awards and options	273	(954)
Deferred tax charge associated with movement in hedging reserve	1,193	45
Current tax charge associated with foreign exchange movements in reserves	1,458	643
	2,370	(456)

There will be a reduction in the UK corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

As the deferred tax assets and liabilities should be recognised based on the corporation tax rate at which they are anticipated to unwind, the assets and liabilities on UK operations have been recognised at a rate of 19%. Those assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

7. Profit attributable to Ted Baker Plc

The profit after tax for the 52 weeks ended 28 January 2017 of Ted Baker Plc, the parent company was £27,246,000 (2016: £24,016,000). The Directors have approved the income statement for the parent company.

8. Dividends per share

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Final dividend paid for prior period of 34.6p per ordinary share (2016: 29.0p)	15,215	12,739
Interim dividend paid of 14.8p per ordinary share (2016: 13.2p)	6,521	5,804
	21,736	18,543

A final dividend in respect of 2017 of 38.8p per share, amounting to a dividend payable of £17,137,466 is to be proposed at the Annual General Meeting on 13 June 2017.

9. Earnings per share

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
Number of shares:	No.	No.
Weighted number of ordinary shares outstanding	44,034,459	43,950,203
Effect of dilutive options	516,310	612,138
Weighted number of ordinary shares outstanding – diluted	44,550,769	44,562,341
Earnings:	£'000	£'000
Profit for the period basic and diluted	46,568	44,235
Profit for the period adjusted *	50,178	44,235
Basic earnings per share	105.7p	100.6p
Adjusted earnings per share *	114.0p	100.6p
Diluted earnings per share	104.5p	99.3p
Adjusted diluted earnings per share*	112.6p	99.3p

Diluted earnings per share and adjusted diluted earnings per share have been calculated using additional ordinary shares of 5p each available under the Ted Baker Sharesave Scheme and the Ted Baker Plc Long-Term Incentive Plan 2013.

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 net exceptional costs (net of tax) of £3.6m (2016: £nil).

10. Intangible assets

	Key money	Computer software	Computer software under development	Total
	£'000	£'000	£'000	£'000
Cost				
At 30 January 2016	879	8,361	10,649	19,889
Additions / transfers	-	5,134	4,205	9,339
Disposals	(351)	-	-	(351)
Exchange rate movement	96	124	-	220
At 28 January 2017	624	13,619	14,854	29,097
Amortisation				
At 30 January 2016	-	2,642	-	2,642
Charge for the period	-	1,925	-	1,925
Disposals	-	-	-	-
Exchange rate movement	-	85	-	85
At 28 January 2017	-	4,652	-	4,652
Net book value				
At 30 January 2016	879	5,719	10,649	17,247
At 28 January 2017	624	8,967	14,854	24,445

	Key money	Computer software	Computer software under development	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 January 2015	865	3,669	9,278	13,812
Additions / transfers	-	4,634	1,371	6,005
Exchange rate movement	14	58	-	72
At 30 January 2016	879	8,361	10,649	19,889
Amortisation				
At 31 January 2015	-	957	-	957
Charge for the period	-	1,652	-	1,652
Exchange rate movement	-	33	-	33
At 30 January 2016	-	2,642	-	2,642
Net book value				
At 31 January 2015	865	2,712	9,278	12,855
At 30 January 2016	879	5,719	10,649	17,247

The key money brought forward relates 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 no amortisation is charged each period as the residual value of the asset is considered to be in excess of the carrying value. 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 is foreseen.

Additions included within computer software relate to the Microsoft Dynamics AX systems and further development of our e-commerce platforms. Additions included within the computer software under development category relate to the Microsoft Dynamics AX system and are stated net of transfers to computer software. Transfers from the computer software under development category in the period amounted to £5,134,000 (2016: £4,634,000) whilst additions into this category were £9,339,000 (2016: £6,005,000).

11. Property, plant and equipment

	Freehold land & buildings	Leasehold improvements	Fixtures, fittings & office equipment	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 30 January 2016	57,973	87,384	69,813	110	3,308	218,588
Additions / transfers	-	23,816	8,038	1	2,560	34,415
Disposals	-	(1,538)	(986)	-	-	(2,524)
Exchange rate movement	-	6,351	3,298	-	336	9,985
At 28 January 2017	57,973	116,013	80,163	111	6,204	260,464
Depreciation						
At 30 January 2016	32	45,120	49,934	105	-	95,191
Charge for the period	451	10,562	8,026	2	-	19,041
Disposals	-	(1,466)	(898)	-	-	(2,364)
Impairment	-	-	-	-	-	-
Exchange rate movement	-	2,438	1,804	-	-	4,242
At 28 January 2017	483	56,654	58,866	107	-	116,110
Net book value						
At 30 January 2016	57,941	42,264	19,879	5	3,308	123,397
At 28 January 2017	57,490	59,359	21,297	4	6,204	144,354

	Freehold land & buildings	Leasehold improvements	Fixtures, fittings & office equipment	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 31 January 2015	-	73,447	58,160	110	790	132,507
Additions / transfers	57,973	12,470	10,704	-	2,381	83,528
Disposals	-	(280)	(105)	-	-	(385)
Exchange rate movement	-	1,747	1,054	-	137	2,938
At 30 January 2016	57,973	87,384	69,813	110	3,308	218,588
Depreciation						
At 31 January 2015	-	37,238	43,362	103	-	80,703
Charge for the period	32	7,218	6,025	2	-	13,277
Disposals	-	(250)	(77)	-	-	(327)
Impairment	-	187	1	-	-	188
Exchange rate movement	-	727	623	-	-	1,350
At 30 January 2016	32	45,120	49,934	105	-	95,191
Net book value						
At 31 January 2015	-	36,209	14,798	7	790	51,804
At 30 January 2016	57,941	42,264	19,879	5	3,308	123,397

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 £31,855,000 (2016: £23,174,000) whilst additions into this category were £34,415,000 (2016: £25,555,000).

Impairment of leasehold improvements

The Group has determined that for the purposes of impairment testing, each store and outlet is 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 adjusted 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.

There was no impairment charge for the 52 weeks ended 28 January 2017.

The impairment charge for the 52 weeks ended 30 January 2016 included a charge in respect to one retail asset in the UK that had failed to deliver on its potential.

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

Subsidiary undertaking	Country of incorporation & operation	Address	Principal activity	Holding Ordinary Shares
No Ordinary Designer Label Ltd (formerly Ted Baker Limited)*	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Design, wholesale & retail of designer clothing & accessories	100%
Ted Baker Limited	US	413 Talmage Road Ukiah, California 95482 USA	Retail and wholesale of designer clothing & accessories	100%
Ted Baker Canada Inc	Canada	1959 Upper Water Street Halifax Nova Scotia Canada B3J3E5	Retail of designer clothing & accessories	100%
Ted Baker (France) SARL	France	168 avenue Charles de Gaulle 92522 Neuilly sur Seine France	Retail of designer clothing & accessories	100%
Ted Baker Spain S. L.	Spain	c/Arturo Soria 263B 28033 Madrid Spain	Retail of designer clothing & accessories	100%
Ted Baker Netherlands B. V.	The Netherlands	Leidsestraat 64 Amsterdam 1017PD The Netherlands	Retail of designer clothing & accessories	100%
Ted Baker Germany GmbH	Germany	c/o Roever Broenner Susat Mazars GmbH & Co. KG Alt-Moabit 2 10557 Berlin Germany	Retail of designer clothing & accessories	100%
Ted Baker Belgium N.V.	Belgium	De Keyserlei 5 Box 58 2018 Antwerp Belgium	Retail of designer clothing & accessories	100%
Ted Baker Hong Kong Limited	Hong Kong	Room 3001-2 Tower 2 The Gateway 25-27 Canton Road Tsim Sha Tsui Hong Kong	Retail of designer clothing & accessories	100%
Ted Baker Japan KK	Japan	4-25-14, Jingumae, Shibuya-Ku Tokyo Japan	Retail of designer clothing & accessories	100%
Ted Baker Korea Yuhan Hoesa	Korea	Seoul Finance Center Level 21	Retail of designer clothing & accessories	100%

		136 Sejong-daero Jung-gu Seoul Korea		
Ted Baker (Beijing) Commercial Company	The People's Republic of China	D210-D212, 2nd Floor Fangcaodi North Lane Chaoyang District Beijing 100025 PRC	Retail of designer clothing & accessories	100%
Big Lobster Limited	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Property	100%
Little Lobster Limited	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Dormant	100%

*held directly by Ted Baker Plc

b) Subsidiary undertakings - cost and net book value

	Company
	£'000
At 30 January 2016	21,482
Increase in cost of investment for share options / awards granted to subsidiary employees	1,620
At 28 January 2017	23,102

	Company
	£'000
At 31 January 2015	19,709
Increase in cost of investment for share options / awards granted to subsidiary employees	1,773
At 30 January 2016	21,482

c) Interest in Joint Venture

The Group has a 50% interest in the ordinary share capital of No Ordinary Retail Company Pty, a company incorporated in Australia through its wholly owned subsidiary, No Ordinary Designer Label Limited. The joint venture is represented by eight stores in Australia and one store in New Zealand (2016: eight stores in Australia and one store in New Zealand).

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Opening investment in Joint Venture	1,641	1,290
Share of profit of Joint Venture	550	695
Dividend received	(294)	(344)

Closing investment in Joint Venture	1,897	1,641
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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 2017.

	28 January 2017	30 January 2016
	£'000	£'000
Amounts due from equity accounted investee	653	563

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 profit for the period ended 28 January and its assets and liabilities are as follows:

	28 January 2017	30 January 2016
	£'000	£'000
Non-current assets	3,710	2,714
Current assets	2,994	2,278
Non-current liabilities	-	-
Current liabilities	(3,289)	(2,538)
Net assets	3,415	2,454
Share capital	31	25
Retained earnings	2,246	1,094
Current period profit, net of tax	1,100	1,390
Exchange rate movement	38	(55)
Total equity	3,415	2,454

13. Deferred tax assets and liabilities

As at 28 January 2017	Asset / (liability) brought forward	(Charge) / Credit to Income Statement	(Charge)/ Credit to Equity	Foreign exchange on retranslation	Asset / (liability) carried forward
	£'000	£'000	£'000	£'000	£'000
Deferred tax asset / (liability) on UK operations arising from:					
Assets					
Share-based payments	2,372	(49)	(273)	-	2,050
Other	100	(41)	-	-	59
Liabilities					
Property, plant and equipment	(2,048)	(831)	-	-	(2,879)
Derivative financial instruments	(386)	-	(1,193)	-	(1,579)
Net deferred tax asset/ (liability) on UK operations	38	(921)	(1,466)	-	(2,349)
Deferred tax asset on foreign operations arising from:					
Foreign trading losses	2,363	(502)	-	266	2,127
Inventory	1,301	(7)	-	178	1,472
Property, plant and equipment	1,097	(1,717)	-	31	(589)
Other	1,514	(125)	-	47	1,436
Deferred tax liability on foreign operations arising from:					
Property, plant and equipment	(56)	56	-	-	-
Net deferred tax asset on foreign operations	6,219	(2,295)	-	522	4,446
TOTAL	6,257	(3,216)	(1,466)	522	2,097

Recognition of deferred tax assets is based on the generation of future taxable profits that will allow utilisation of losses.

Deferred tax assets are only recognised on the foreign trading losses when these businesses pass their development phase and when management considers it probable that future taxable profits will be available against which they can be utilised.

The tax effect of the unused cumulative tax losses for which no deferred tax asset has been recognised in the balance sheet is £5,401,000 (2016: £3,318,000). £2,534,000 of losses will expire in 2-5 years. A further £2,277,000 of losses will expire in 6-10 years. £590,000 of losses have no time expiry.

14. Inventories

	Group 28 January 2017	Group 30 January 2016
	£'000	£'000
Raw materials and packaging	6,371	7,176
Work in progress	1,331	984
Finished goods and goods for resale	150,798	117,163
	158,500	125,323
Cost of inventories recognised as an expense within cost of sales during the period	209,386	180,304
Inventories written down and recognised as an expense in the period	8,485	4,168

There were no reversals of write-downs during the period (2016: £nil).

Inventories written down and recognised as an expense in the period relates to inventory written down to the net realisable value. This includes stock items previously provided for and the net movement in inventory provisions during the period. The write down and any reversal are included in cost of sales.

15. Trade and other receivables

	Group 28 January 2017	Company 28 January 2017	Group 30 January 2016	Company 30 January 2016
	£'000	£'000	£'000	£'000
Trade receivables	41,999	-	30,136	-
Amounts owed by Group undertakings	-	51,932	-	47,486
Prepayments and accrued income	15,791	-	17,975	-
Other taxes and social security	1,461	-	1,192	-
	59,251	51,932	49,303	47,486

16. Derivative financial instruments

	Assets 28 January 2017	Liabilities 28 January 2017	Assets 30 January 2016	Liabilities 30 January 2016
	£'000	£'000	£'000	£'000
Derivatives that are designed and effective as hedging instruments and carried at fair value:				
Forward foreign exchange contracts	8,870	-	2,300	(33)
Interest rate swap	-	(66)	-	-
Derivatives that are carried at fair value through profit or loss:				
Foreign currency options	104	(550)	550	(319)
	8,974	(616)	2,850	(352)

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

Interest rate swaps are used to hedge exposures to fluctuations in the interest rate payable on the Group's term loan.

The Group did not have any ineffective cashflow hedges in the period (2016: £nil).

Gains and losses in equity relating to derivatives in effective hedging relationships at 28 January 2017 will remain there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement.

The charge to the income statement in respect of charges in the fair value of foreign currency derivatives that do not meet the criteria for hedge accounting was £677,000 (2016: £840,000).

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

	Group 28 January 2017	Company 28 January 2017	Group 30 January 2016	Company 30 January 2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents per balance sheet	21,401	2,238	13,295	615
Bank overdraft per balance sheet	(58,074)	-	(37,869)	-
Net cash and cash equivalents per cash flow statement	(36,673)	2,238	(24,574)	615

18. Trade and other payables

	Group 28 January 2017	Company 28 January 2017	Group 30 January 2016	Company 30 January 2016
	£'000	£'000	£'000	£'000
Trade payables	45,329	-	31,657	-
Accruals and deferred income	29,093	23	21,923	10
Other taxes and social security	6,573	-	7,508	-
	80,995	23	61,088	10

19. Provisions for liabilities and charges

	Property provisions
	£'000
At 30 January 2016	-
Provided in the period (see Note 3)	2,917
Utilised in the period	-
At 28 January 2017	2,917

The balances are analysed as follows:

	Property provisions
	£'000
Current	915
Non-Current	2,002
At 28 January 2017	2,917

Property provisions comprise an onerous lease provision and a dilapidations provision. The dilapidations provision will be used upon the exit or expiry of the leases on the Group's existing distribution centres. The onerous lease provision, which also relates to the Group's existing distribution centres is expected to be utilised over the remaining life of the lease. The average remaining lease term for these properties is 3 years.

20. Capital and reserves

	28 January 2017	30 January 2016
	£'000	£'000
Authorised – 80,000,000 ordinary shares of 5p each (2016: 80,000,000)	4,000	4,000
Allotted, called up and fully paid – 44,168,656 ordinary shares of 5p each (2016: 43,971,454)	2,208	2,199

At 28 January 2017, 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 (2016: Employee Trust - nil, 1998 Trust – nil).

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 are designated as hedging instruments and are documented as part of an effective hedge of future cash flows are recognised directly in equity and recycled to the income statement when the underlying cash flows occur, or are no longer expected to occur.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the 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 employees of the Group. This reduction in other reserves is reflected in retained earnings in the Group Statement of Changes in Equity.

21. Share-based payments

Long-Term Incentive Plan

Share awards are made in the form of nil-cost options over Ordinary shares in Ted Baker Plc under the Long-Term Incentive Plan 2013 ("LTIP 2013"), which was approved by the shareholders at the general meeting held on 20 June 2013. The options are exercisable three years after the date of grant subject to the satisfaction of profit before tax per share and share price performance targets, each measured over a three year period. The profit before tax per share target is calibrated so that the percentage of awards that vests is linked to the level of profit growth achieved.

Share options and awards granted under the LTIP 2013 and outstanding at the end of the period were as follows:

Grant Date	Expiry date	Number of options granted	Fair value at grant date	Number of Awards outstanding at 28 January 2017	Number of Awards outstanding at 30 January 2016
3 July 2013	2 July 2023	220,226	1,140.0p	42,964	214,324
1 May 2014	30 April 2024	254,141	695.0p	230,646	242,691
30 April 2015	29 April 2025	192,860	1,785.0p	179,201	186,393
5 May 2016	4 May 2026	234,159	875.0p	231,533	-
		<u>901,386</u>		<u>684,344</u>	<u>643,408</u>

The terms and conditions of the awards granted during the period ended 28 January 2017 were the same as those for the awards made under the LTIP 2013 in previous periods and are as follows:

Grant date	Type of award	Number of options	Vesting conditions	Vesting period
5 May 2016	LTIP 2013	234,159	Adjusted profit before tax per share growth of 10-15% per annum and 10% share price growth over the vesting period	Up to 100% after 3 years

The charge for the period to the income statement in respect of options issued under the LTIP 2013 amounted to £1,505,000 (2016: £1,777,000). In respect of Ray Kelvin, who is employed by the Company, there is a charge of £219,000 in the period (2016: £246,000).

The Monte-Carlo valuation methodology has been used as the basis of measuring the fair value of all awards made under the LTIP 2013. The range of inputs into the Monte-Carlo model for awards made was as follows:

Share price at grant	1,705.0p-2,855.0p
Share price at grant (based on 6 month average) for share price performance condition	1,318.0p-2,744.0p
Risk free interest rate	0.51%-1.18%
Expected life of options	3 years
Share price volatility	29.0%-31.05%
Dividend yield	1.41%-2.02%

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.

22. Financial commitments

a) Capital commitments

The Group has capital commitments of £15,095,165 at 28 January 2017 (2016: £13,819,909) which were not provided in the financial statements.

b) Operating leases

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

	As at 28 January 2017	As at 30 January 2016
	£'000	£'000
Within one year	58,399	45,536
Between one and five years	145,827	130,173
Later than five years	99,396	82,227
	303,622	257,936

The above table includes the minimum future commitments assuming no lease terminations. Under certain arrangements if a lease is terminated the quantum of any future minimum lease payments is subject to the terms of the contract which may result in final payments lower than those disclosed above.

Our operating leases for retail stores often contain rental expenses based on revenue ('revenue leases'). Under the terms of certain revenue leases there are minimum payments due, together with variable amounts in excess of those minimums which are based on the store's future revenue levels. For certain other revenue leases there are no minimum payment conditions within the terms of the lease such that rental charges are contingent wholly on future store revenue levels.

The table above includes only committed minimum payments and excludes the variable or contingent elements of future rental payments. As a result, the amounts charged to the Income Statement may be materially higher than the financial commitment at the prior period end.

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 £1,782,000 (2016: £1,422,000). Contributions totalling £129,706 are included in other payables at the period end (2016: £400,995).

23. 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 2017	Fair value 28 January 2017	Carrying amount 30 January 2016	Fair value 30 January 2016
	£'000	£'000	£'000	£'000
Financial assets				
Trade receivables	41,999	41,999	30,136	30,136
Accrued income	1,063	1,063	1,179	1,179
Amount due from equity accounted investee	653	653	563	563

Derivative financial assets	8,974	8,974	2,850	2,850
Cash and cash equivalents	21,401	21,401	13,295	13,295
Total financial assets	74,090	74,090	48,023	48,023

Financial liabilities

Trade and other payables	(74,422)	(74,422)	(53,580)	(53,580)
Derivative financial liabilities	(616)	(616)	(352)	(352)
Bank overdraft	(58,074)	(58,074)	(37,869)	(37,869)
Provision	(2,917)	(2,917)	-	-
Term loan	(58,500)	(58,500)	(60,000)	(60,000)
Total financial liabilities	(194,529)	(194,529)	(151,801)	(151,801)
Net financial liabilities	(120,439)	(120,439)	(103,778)	(103,778)

There are no significant trade debtor balances overdue and no significant amounts impaired at the end of the period.

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 2017	Fair value 28 January 2017	Carrying amount 30 January 2016	Fair value 30 January 2016
	£'000	£'000	£'000	£'000
Financial assets				
Amounts owed by group undertakings	51,932	51,932	47,486	47,486
Cash and cash equivalents	2,238	2,238	615	615
Total financial assets	54,170	54,170	48,101	48,101
Financial liabilities				
Trade and other payables	(23)	(23)	(10)	(10)
Total financial liabilities	(23)	(23)	(10)	(10)
Net financial assets	54,147	54,147	48,091	48,091

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

1. Cash and cash equivalents have been stated at their book values due to their short maturities or immediate or short-term access.
2. The fair values of trade receivables, amount due from equity accounted investee and amounts owed by Group undertakings have been stated at their book value due to their short maturities.
3. The fair value of derivatives is determined by reference to third party valuations (usually from a bank) or by reference to readily observable market prices.
4. The fair values of trade and other payables have been stated at their book values due to their short maturities.
5. The fair value of the term loan considers the present value of expected payment discounted using a risk-adjusted discount rate.

Valuation of all financial 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 2017	Assets 28 January 2017	Liabilities 28 January 2017	Contractual/ notional amounts 30 January 2016	Assets 30 January 2016	Liabilities 30 January 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Currency derivatives	72,874	8,974	(550)	34,285	2,850	(352)
Interest rate swap	30,000	-	(66)	-	-	-
	102,874	8,974	(616)	34,285	2,850	(352)

c) Cash flow hedging reserve movements

The following table indicates the cash flow hedging reserve balance at 28 January 2017 and the periods in which the cash flows are expected to occur. The periods in which the cash flows are expected to impact the income statement are materially the same.

	Currency derivatives 28 January 2017	Currency derivatives 30 January 2016
	£'000	£'000
Within six months	2,647	5
Between six months and one year	2,982	587
Between one and two years	1,173	1,058
Unrecognised gains	6,802	1,650

The cash flow hedging reserve relating to interest rate swaps at 28 January 2017 is a loss of £66,000. The cashflows are expected to occur over the period to maturity of the term loan.

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 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 and interest rate risk.

Foreign currency risk

The Group operates internationally and is therefore exposed to foreign currency risk primarily on purchases of inventory 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.

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 policy allows for these risks to be hedged for up to 24 months ahead in order to fix the cost in Sterling.

The vast majority of projected purchases in each major currency qualifies as 'highly probable' forecast transactions for hedge accounting purposes.

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.

Foreign currency 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 2017. 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 period end on the Group's financial assets and liabilities that are not denominated in the functional currencies of those businesses.

A 10% (2016: 10%) strengthening or weakening of the sterling against the following currencies at 28 January 2017 would have increased / (decreased) equity and profit by the amounts shown in the following table:

	Impact on profit 28 January 2017	Impact on equity 28 January 2017	Impact on profit 30 January 2016	Impact on equity 30 January 2016
Test of 10% (2016: 10%) strengthening in sterling against other currencies	£'000	£'000	£'000	£'000
US Dollar	(1,656)	(1,656)	(933)	(933)
Euro	366	366	260	260
	(1,290)	(1,290)	(673)	(673)
Test of 10% (2016: 10%) weakening in sterling against other currencies				
US Dollar	2,024	2,024	1,141	1,141
Euro	(447)	(447)	(318)	(318)
	1,577	1,577	823	823

Interest rate risk

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

The Group's policy is to minimise the impact of adverse interest rate movements through the use of interest rate management tools. Any interest rate management tools are to be aligned with timescales of current and forecast net debt for which underlying projections can be made with an appropriate degree of accuracy. During the period, the Group entered into interest rate swap agreements, fixing a portion of the floating rate net debt.

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

Financial assets and liabilities subject to interest rate risk	Group 28 January 2017	Company 28 January 2017	Group 30 January 2016	Company 30 January 2016
	£'000	£'000	£'000	£'000
Sterling	(83,780)	2,238	(92,545)	615
US Dollar	6,897	-	(57)	-
Euro	5,900	-	2,607	-
Other	5,661	-	5,324	-
	(65,322)	2,238	(84,671)	615

The above table does not include the notional value of net debt for which interest rate swaps are in place.

Interest rate sensitivity analysis

The following sensitivity analysis illustrates the impact that a change of 50 basis points in interest rates at the balance sheet date would have increased / (decreased) equity and profit by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	Impact on profit 28 January 2017	Impact on equity 28 January 2017	Impact on profit 30 January 2016	Impact on equity 30 January 2016
	£'000	£'000	£'000	£'000
Interest rate increase of 0.5%	(327)	(327)	(423)	(423)
Interest rate decrease of 0.5%	327	327	423	423

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's principal financial assets are cash, trade and other receivables and derivative financial assets. The Group's credit risk is primarily attributable to its trade and other receivables.

Trade and other receivables

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

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

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

The Group is not able to protect its royalty income with credit insurance, although it does not consider this a significant credit risk. Forecasts are obtained from all its licence partners throughout the period 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 (which comprises of the 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.

	Carrying amount	Contracted amount less than 1 year	Contracted amount 1- 2 years	Contracted amount 2 - 5 years
	£'000	£'000	£'000	£'000
At 28 January 2017				
Non-derivative financial liabilities				
Trade and other payables	74,422	74,422	-	-
Bank overdraft	58,074	58,074	-	-
Term loan	58,500	6,000	5,500	47,000
Derivative financial liabilities				
Derivative financial instruments	616	616		
At 30 January 2016				
Non-derivative financial liabilities				
Trade and other payables	53,580	53,580	-	-
Bank overdraft	37,869	37,869	-	-
Term loan	60,000	1,500	6,000	52,500
Derivative financial liabilities				
Derivative financial instruments	352	352	-	-

In May 2016, the Group agreed an extension of its multi-currency revolving credit facility with the Royal Bank of Scotland and Barclays. The new agreement increased the Group's committed borrowing facility from £85.0m to £110.0m expiring in March 2018. This increased facility provides the resources to fund the planned capital expenditure to support the Group's long-term growth strategy. The new borrowing facility is on the same terms and contains the same covenants as the previous facility. Interest is payable based on LIBOR plus a margin. The Group had utilised £51.5m (2016: £36.0m) of the £110.0m credit facility as at 28 January 2017.

In the prior period, the Group borrowed £60.0m under a five year sterling-denominated term credit facility with The Royal Bank of Scotland and Barclays. The facility was used to support the purchase of The Ugly Brown Building. The term loan is amortised over fifteen years with refinancing required every five years, with an interest rate based on LIBOR plus a margin and quarterly loan repayments which commenced in December 2016. During the period, £1.5m was repaid.

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 2017.

e) Capital management

The Board's policy is to maintain a strong capital base, defined as total shareholders' equity, totalling £210,544,000 at 28 January 2017 (2016: £172,599,000), 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 period.

24. Related Parties

The Group considers its Executive and Non-Executive Directors as key management and their compensation therefore comprises a related-party transaction.

Total compensation in respect of key management for the period was as follows:

	52 weeks ended 28 January 2017	52 weeks ended 30 January 2016
	£'000	£'000
Salaries & short-term benefits	2,582	1,513
Contributions to money-purchase pension schemes	53	53
Share-based payment charges	427	480
	3,062	2,046

Directors of the Company and their immediate relatives control 35.4% per cent of the voting shares of the Company.

At 28 January 2017, No Ordinary Designer Label Limited ("NODL"), the main trading company owed Ted Baker Plc £51,932,000 (2016: £47,486,000). NODL was owed £136,813,000 (2016: £55,931,000) from the other subsidiaries within the Group.

Transactions between subsidiaries were priced on an arm's length basis.

The Group has a 50% interest in the ordinary share capital of No Ordinary Retail Company Pty, a company incorporated in Australia, through its wholly owned subsidiary No Ordinary Designer Label Limited. As at 28 January 2017, the joint venture owed £653,000 to the main trading company (2016: £563,000). In the period the value of sales made to the joint venture by the Group was £2,696,000 (2016: £2,427,000).

Ray Kelvin and Lindsay Page are both directors of, and shareholders in, THAT Bournemouth Company Limited, THAT TopCo Limited and THAT Bournemouth Big Hotel Limited and as such, these entities are a related party of the Company for the purposes of Chapter 11 of the Listing Rules.

During the period the Group provided design services to THAT Bournemouth Company Limited for which licence income fees were charged of £192,000 (2016: £170,000). No amounts were outstanding as at 28 January 2017 (2016: £nil).

During the period the main trading company provided office space to THAT TopCo Limited for which rental charges were made of £34,560 and other miscellaneous charges of £3,446 (2016: £nil). No amounts were outstanding as at 28 January 2017 (2016: £nil).

During the period the main trading company supplied services to THAT Bournemouth Big Hotel Limited for which charges were made of £16,551 (2016: £nil). No amounts were outstanding as at 28 January 2017 (2016: £nil).

Five Year Summary

	52 weeks ended 26 January 2013	52 weeks ended 25 January 2014	53 weeks ended 31 January 2015	52 weeks ended 30 January 2016	52 weeks ended 28 January 2017
	£'000	£'000	£'000	£'000	£000
Results					
Revenue	254,466	321,921	387,564	456,169	530,986
Operating profit	29,514	39,588	49,759	59,369	62,497
Profit before tax	28,922	38,923	48,771	58,664	61,271
Profit before tax and impairment	29,687	39,648	48,771	58,853	61,271
Profit before tax and exceptional items	31,536	39,969	49,452	58,664	65,784
Profit for the period	21,597	28,852	35,850	44,235	46,568
Assets employed					
Property, plant and equipment	45,412	45,083	51,804	123,397	144,354
Non-current assets	6,873	12,118	20,265	25,615	31,189
Net current assets / (liabilities)	47,105	54,863	68,505	82,143	91,852
Non-current liabilities	(497)	-	-	(58,556)	(56,851)
Net assets	98,893	112,064	140,574	172,599	210,544
Financed by					
Shareholders' funds	98,893	112,064	140,574	172,599	210,544
Non-controlling interest	-	-	-	-	-
	98,893	112,064	140,574	172,599	210,544
Key statistics					
Basic earnings per share	51.5p	67.2p	82.0p	100.6p	105.7p
Adjusted earnings per share	56.4p	69.0p	83.2p	100.6p	114.0p
Diluted earnings per share	49.9p	66.3p	81.0p	99.3p	104.5p
Dividends per share	26.6p	33.7p	40.3p	47.8p	53.6p
Dividend cover	1.9 times	2.0 times	2.0 times	2.1 times	2.0 times
Dividend cover before exceptional costs	2.1 times	2.0 times	2.1 times	2.1 times	2.1 times
Pre-tax return on capital employed before exceptional items	29.7%	33.9%	32.0%	30.5%	27.3%
Post-tax return on capital employed before exceptional costs	22.2%	25.1%	23.5%	23.0%	20.8%