CONSOLIDATED BALANCE SHEET

At 25 January 2003

	Notes	25 January 2003 £'000	26 January 2002 £'000
Fixed assets			
Tangible assets	11	15,375	12,167
Investments	12	349	446
		15,724	12,613
Current assets			
Stocks	13	13,937	12,318
Debtors	14	6,975	5,711
Cash at bank and in hand		2,778	3,875
		23,690	21,904
Creditors: amounts falling due within one year	15	(16,456)	(14,333)
Net current assets		7,234	7,571
Total assets less current liabilities		22,958	20,184
Creditors: amount falling due after more than one year	16	(4,000)	(4,000)
Provisions for liabilities and charges	17	(123)	(461)
Net assets		18,835	15,723
Capital and reserves			
Called-up share capital	18	2,072	2,064
Share premium	19	1,412	978
Profit and loss account	19	15,411	12,638
Equity shareholders' funds	20	18,895	15,680
Minority interests – equity	19	(60)	43
Total capital and reserves		18,835	15,723

The accompanying notes are an integral part of this consolidated balance sheet. The financial statements on pages 27 to 46 were approved by the board of directors on 24 March 2003 and signed on its behalf by:

L.D. Page Director

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COMPANY BALANCE SHEET

At 25 January 2003

	Notes	25 January 2003 £'000	26 January 2002 £'000
Fixed assets			
Investments – subsidiary companies	12	15,237	15,237
Investments – own shares	12	471	529
		15,708	15,766
Current assets			
Debtors	14	5,579	4,547
Cash at bank		90	185
		5,669	4,732
Creditors: amounts falling due within one year	15	(2,461)	(2,144)
Net current assets		3,208	2,588
Total assets less current liabilities		18,916	18,354
Creditors: amount falling due after more than one year	16	–	–
Net assets		18,916	18,354
Capital and reserves			
Called-up share capital	18	2,072	2,064
Share premium	19	14,412	13,978
Profit and loss account	19	2,432	2,312
Equity shareholders' funds	20	18,916	18,354

The accompanying notes are an integral part of this balance sheet. The financial statements on pages 27 to 46 were approved by the board of directors on 24 March 2003 and signed on its behalf by:

L.D. Page Director

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CONSOLIDATED CASHFLOW STATEMENT

For the 52 weeks ended 25 January 2003	Notes	52 weeks ended 25 January 2003 £'000	52 weeks ended 26 January 2002 £'000
Net cash inflow from operating activities	21	13,632	12,250
Returns on investments and servicing of finance			
- Interest received		55	62
- Interest paid		(502)	(579)
		(447)	(517)
Taxation			
UK corporation tax paid		(3,215)	(2,705)
Overseas tax paid		–	(32)
		(3,215)	(2,737)
Capital expenditure and financial investment	22	(7,949)	(2,651)
Equity dividends paid		(3,313)	(3,012)
Cash (outflow)/inflow before financing		(1,292)	3,333
Shares issued		225	30
Debt due after more than more year		–	4,000
(Decrease)/increase in cash in the period	22	(1,067)	7,363

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

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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

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

B. BASIS OF CONSOLIDATION – The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 25 January 2003. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Under section 230 (4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account. The profit on ordinary activities before taxation for the financial year dealt with in the financial statements of the Company was £3,736,000 (2002: £3,198,000).

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

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

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

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

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

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

FIXTURES, FITTINGS AND OFFICE EQUIPMENT – 20% per annum on a straight line basis apart from computer equipment which is 33% per annum on a straight line basis.

MOTOR VEHICLES – 25% per annum on a straight line basis. Residual value is calculated on prices prevailing at the date of acquisition.

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

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

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

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

H. PENSION COSTS AND OTHER POST RETIREMENT BENEFITS – Contributions payable to defined contribution schemes in respect of pension cost and other post retirement benefits are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

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

The results of overseas operations are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the Group's investment in such operations, are dealt with through reserves.

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

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

2. SEGMENTAL INFORMATION

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

a) Analysis of turnover	52 weeks ended 25 January 2003 £'000	52 weeks ended 26 January 2002 £'000
Turnover by brand		
Menswear	35,942	31,925
Womenswear	30,402	26,185
Other	3,844	3,985
	70,188	62,095

b) Classes of business – by divisional activity

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

ii) 52 weeks ended 26 January 2002	Retail £'000	Wholesale £'000	Inter-Company £'000	Total £'000
Turnover	41,715	20,560	(180)	62,095
Cost of sales	(14,592)	(12,715)	141	(27,166)
Gross profit	27,123	7,845	(39)	34,929
Common operating costs				(24,974)
Operating profit				9,955
Net interest payable				(519)
Profit before taxation				9,436
Analysis of net assets				
Net assets	12,320	3,082	–	15,402
Net financial assets				321
				15,723

c) Classes of business – by geographic origin
i) 52 weeks ended 25 January 2003

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

ii) 52 weeks ended 26 January 2002

	United Kingdom	Other	Inter-Company	Total
	£'000	£'000	£'000	£'000
Turnover	61,324	951	(180)	62,095
Cost of sales	(26,985)	(322)	141	(27,166)
Gross profit	34,339	629	(39)	34,929
Common operating costs				(24,974)
Operating profit				9,955
Net interest payable				(519)
Profit before taxation				9,436
Analysis of net assets				
Net assets	14,966	436	–	15,402
Net financial assets				321
				15,723

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

3. OTHER OPERATING EXPENSES (NET)

	52 weeks ended 25 January 2003	52 weeks ended 26 January 2002
	£'000	£'000
Distribution costs	23,644	18,423
Administration expenses	9,102	8,277
Impairment of fixed assets	1,551	–
Other operating income	(2,271)	(1,726)
Other operating expenses (net)	32,026	24,974

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	52 weeks ended 25 January 2003 £'000	52 weeks ended 26 January 2002 £'000
Depreciation and amounts written off owned tangible fixed assets	3,093	2,319
Operating lease rentals	4,482	3,748
Trading loss on Nigel Cabourn Ltd	–	262
Auditor's remuneration for audit services	34	36
Auditor's remuneration for non-audit services	6	6
Loss/(profit) on sale of fixed assets	9	(2)
Impairment of fixed assets	1,551	–

Amounts payable to KPMG Audit Plc in respect of non-audit services relate to review work associated with the interim statement. All interest payable arose on bank borrowings.

5. STAFF COSTS

The average monthly number of employees (including executive directors) was:	52 weeks ended 25 January 2003 No	52 weeks ended 26 January 2002 No
Sales	702	570
Design	20	31
Administration	102	90
	824	691

Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	11,280	10,553
Social security costs	975	786
Pension costs	192	77
	12,447	11,416

6. DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS – AGGREGATE REMUNERATION

The total amounts for directors' remuneration and other benefits were as follows:	52 weeks ended 25 January 2003 £'000	52 weeks ended 26 January 2002 £'000
Emoluments	545	535
Money purchase pension contributions	15	18
	560	553

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DIRECTORS' EMOLUMENTS

	Fees/Basic Salary	Benefits	Performance related bonus	52 weeks ended 25 January 2003	52 weeks ended 26 January 2002
	£'000	£'000	£'000	£'000	£'000
Executive					
R S Kelvin	200	8	60	268	253
L D Page	160	1	48	209	189
P F C Renn (Resigned 04/04/01)				–	20
D E Browne (Resigned 04/04/01)				–	19
Non-executive					
B S North	11			11	28
R Breare	25			25	8
D B Hewitt	25			25	18
T Campbell (Resigned 16/08/02)	7			7	–
	428	9	108	545	535

Performance related bonuses are determined by the Remuneration committee based on the achievement of Group performance including the level of growth in earnings per share. Bonuses are capped at 40% of basic salary. Awards under long term incentive schemes relate to the Ted Baker Performance Share Plan ('the Plan'). Full details of the Plan are given in the Remuneration Report on page 20.

DIRECTORS' SHARE OPTIONS

The directors who held office at 25 January had the following options in the shares of Ted Baker PLC:

	26 January 2002 No. of Shares	Options Exercised No. of Shares	25 January 2003 No. of Shares	Option Price p	Earliest Date of Exercise	Expiry Date
L D Page	400,000	-	400,000	135	18 July 2000	17 July 2004

Exercise of options exercisable between 18 July 2000 and 17 July 2004 are subject to earnings per share growth criteria in three consecutive accounting periods commencing on or after 26 January 1997 which have been fully satisfied. The mid-market price of the ordinary shares at 25 January 2003 was 217.5p and the range during the year was 171.0p to 301.5p. Since 25 January 2003 to 24 March 2003.
Mr L D Page was granted 37,000 ordinary shares at an exercise price of 193.5p subject to growth of the Company's earnings per share.

DIRECTORS' LONG-TERM INCENTIVE SCHEMES

The Company operates the Ted Baker Performance Share Plan ('the Plan') which was approved in an Extraordinary General Meeting held on 10 November 1998. On 31 July 2001 the Trustees of the Ted Baker 1998 Employee Benefit Trust made the share awards set out below under the Plan for the three years ended 31 January 2004.

	No. of Shares Awarded
R S Kelvin	57,149
L D Page	40,004

The share awards will be met in two equal tranches, one following the signing of the financial statements for the year ending 31 January 2004 and a second tranche one year later. No earliest date of exercise or expiry date attach to these awards.

No shares were awarded or vested during the period. 50% of the shares vested under the Plan for the three years ended 27 July 2001 were distributed in the year ended 25 January 2003.

DIRECTORS' PENSIONS

One director is a member of a money purchase scheme.
Contributions paid by the Company in respect of such director were as follows:

	52 weeks ended 25 January 2003 £'000	52 weeks ended 26 January 2002 £'000
L D Page	15	14
P F C Renn (Resigned 04/04/01)	–	2
D E Browne (Resigned 04/04/01)	–	2
	15	18

DIRECTORS' BENEFICIAL INTERESTS

Full details of directors' beneficial interests are given in the Directors' report on page 12.

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