Company number 3314066

C&J CLARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2011

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THROUGHOUT 2011 THE COMPETITIVE LANDSCAPE CONTINUED TO EVOLVE; AROUND THE WORLD ECONOMIC CONDITIONS REMAINED MIXED, YET CLARKS CONTINUED TO PERFORM WELL.

ONCE AGAIN WE HAVE BENEFITED FROM THE GEOGRAPHICAL SPREAD OF OUR BUSINESS AND OUR MULTIPLE CHANNELS TO MARKET.

OUR PROFIT, IN EXCESS OF £100 MILLION, REPRESENTS A LANDMARK IN THE GROUP'S LONG HISTORY.

WITH INSIGHT INTO OUR KEY MARKETS, THIS ANNUAL REPORT REVIEWS OUR PERFORMANCE OVER THE LAST 12 MONTHS AND SUMMARISES OUR RESULTS.

IT ALSO TAKES A LOOK BEHIND THE SCENES AT SOME OF THE INITIATIVES THAT HAVE CONTRIBUTED TO OUR SUCCESS AND THAT FORM THE FOUNDATION FOR OUR PROGRESS IN THE YEARS AHEAD.

THE SHAPE OF THINGS TO COME

Our roots may lie in the distant past but our focus is very firmly on the future Take the shoemaker's craft While still masters of the time-honoured practices of shoemaking, Clarks also embraces the digital age, 21st century technology that enables us to revolutionise not only the way we work, but also the way we think

Starting with the three dimensional capture of lasts using laser scanning and state-of-the-art CAD software, Clarks were early adopters of a development called 'additive layer rapid prototyping' Groundbreaking in the appliance of science, the system initially enabled footwear designers to create resin copies of their designs directly from a computer But the revolution didn't stop there Recent advances, not only in the essential technology but also in full colour 3D printing, mean designs can now be prototyped to produce full-scale and half scale models that are accurate in every detail In other words, almost impossible to tell apart from the real thing

As a result, ideas and designs can be communicated, reviewed and assessed Quickly and easily Benefits include substantial reductions in cost and time, with as much as 4 weeks saved in each of the style development cycles

The project has been a great success, exceeding all expectations of volume and quality Clarks is now an acknowledged world leader in the field and, by continuing to invest in people as well as technology, we are committed to remaining in the forefront of footwear design and manufacture

ANNUAL REPORT AND FINANCIAL STATEMENTS

RESULTS AT A GLANCE

		2011	2010
Total Group turnover		**£1,281.3m**	£1,173 5m
Operating profit*		**£110.9m**	£97 4m
Basic earnings per ordinary share**		**129.6p**	101 6p
Dividends per ordinary share	– interim 31st January 2011	**10 0p**	8 0p
	– final 31st January 2011 (payable April 2011)	**26.5p**	20 0p
Special dividend per ordinary share	– paid March 2010	–	10 0p
Net cash		**£18.6m**	£77 4m
Return on capital employed*		**25 2%**	27 6%

*Before exceptional items
**After exceptional items

Basic earnings per ordinary share after exceptional items (pence)

2007	78 5
2008	84 7
2009	102 6
2010	101 6
2011	**129.6**

Group turnover from continuing operations (£m)

2007	939 3
2008	1,035 6
2009	1,122 0
2010	1,173 5
2011	**1,281.3**

Turnover from the Elefanten group and Ravel have been excluded from all years

Pre-tax profits after exceptional items (£m)

2007	69 4
2008	75 1
2009	86 8
2010	85 1
2011	**108.7**

Return on capital employed before exceptional items (%)

2007	22 5
2008	23 7
2009	21 0
2010	27 6
2011	**25 2**

Group turnover from continuing operations by trading division (%)

Clarks International	62 9
Clarks Companies North America	37 1
Group footwear items	0 0

Total footwear profits (%)

Clarks International	71 9
Clarks Companies North America	42 5
Group footwear items	(14 4)

SUMMARY OF TRADING RESULTS

SUMMARY OF TRADING RESULTS FOR THE YEAR ENDED 31ST JANUARY 2011

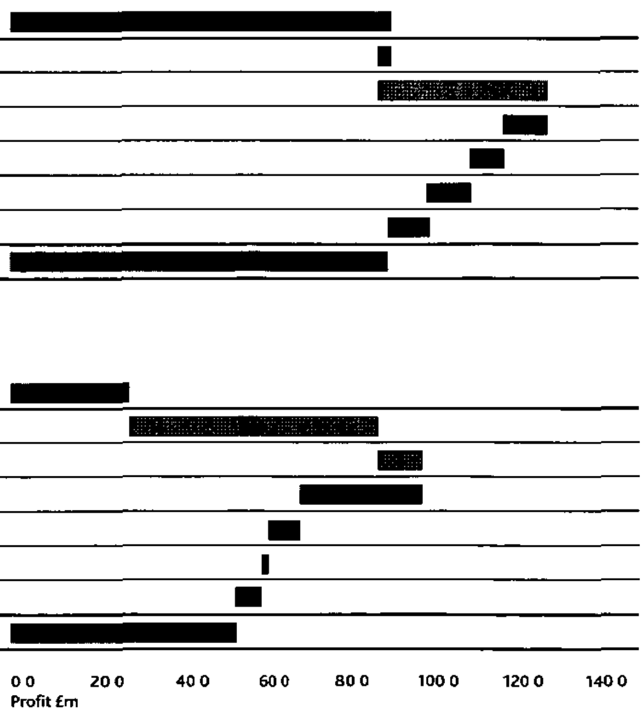
	Turnover 2011 £m	Turnover 2010 £m	Operating profit before exceptional items 2011 £m	Operating profit before exceptional items 2010 £m	Capital employed 2011 £m	Capital employed 2010 £m
Clarks International	**806 0**	7821	**93.0**	94 2	**297.1**	246 7
Clarks Companies North America	**475.3**	391 4	**54.9**	28 8	**142.2**	106 4
Group footwear items	–	–	**(18.6)**	(13 3)	–	–
Total footwear	**1,281.3**	1,173 5	**129.3**	109 7	**439 3**	3531
Non-footwear items	–	–	**(18 4)**	(12 3)	–	–
Total	**1,281.3**	1,173 5	**110.9**	97 4	**439 3**	3531

Non-footwear items comprise long-term incentive scheme charges of £16 5m (2010 - £12 1m), holding company activity and central pension costs

KEY PROFIT DRIVERS OF DIVISIONAL TRADING RESULTS

	Clarks International £m
January 2010 divisional profit	**94.2**
Decrease in pairage volume sold	(3 3)
Increase in average selling price	40 8
Increase in other product costs	(10 6)
Increase in retail overheads	(7 6)
Increase in brand marketing investment	(10 2)
Increase in other overheads	(10 3)
January 2011 divisional profit	**93 0**

	Clarks Companies North America £m
January 2010 divisional profit	**28.8**
Increase in pairage volume sold	61 4
Increase in average selling price	10 8
Increase in other product costs	(29 6)
Increase in retail overheads	(8 5)
Increase in brand marketing investment	(1 7)
Increase in other overheads	(6 3)
January 2011 divisional profit	**54 9**



profit ■ positive variances ■ negative variances

The diagram depicts the variances, both positive and negative, that drive the movement from the January 2010 divisional profit to the January 2011 divisional profit

PLEASING ALL OF THE PEOPLE ALL OF THE TIME

The UK's biggest footwear brand, Clarks also sell more lifestyle and casual footwear than any other brand on the planet

Much of our success is down to the fact that we know all about our craft, about the combinations of contemporary design, advanced technology and value for money that deliver what people want What's more, our understanding of what drives consumer choices around the world enables us to create collections that answer every need in every market

For women, 2010 highlights included Iconic, inspired by our archives and reinvented for today's consumer, Unstructured, our unbelievably light casuals and our definitive range of boots

For men, meanwhile, the success story of Active Air continued to unfold and styles like Nature, still a favourite after 28 years, were supported by a wide range of casual and smart styles In addition, our on-going partnership with GORE-TEX® saw fit for purpose shoes and boots delivered to growing numbers of markets

For both men and women, the evolution of Clarks Sport took demand to a new high, while 2010 proved to be a vintage year for Originals Featured in Italian Vogue and on the feet of everyone from Jamaican rappers to Glastonbury Festival A-listers, the brand's classic looks are being adopted by a whole new generation of consumers

For kids, Clarks remained the nation's choice, putting millions of growing feet in safe hands as we have done for many, many years Worldwide too, more and more parents are discovering the benefits of Clarks' children's shoes – the fit, the quality, the durability and the comfort From our newly launched Pram Shoes to First Shoes, school shoes, everyday shoes and sports shoes, it's safe to say that whatever kids are up to, our shoes are up to it too

REVIEW OF ACTIVITIES

CHAIRMAN'S STATEMENT

I AM PLEASED TO REPORT THAT THE YEAR ENDED JANUARY 2011 HAS BEEN A RECORD YEAR FOR THE COMPANY. TOTAL SALES GREW 9.2% TO £1.28BN WHILST OPERATING PROFITS BEFORE EXCEPTIONAL CHARGES ROSE BY 13.9% TO £110.9M, THE FIRST TIME THAT PROFITS HAVE EXCEEDED £100M.

We remain committed to our strategy of building Clarks as a global brand and management, under Melissa's leadership, have continued to make good progress in balancing the need to improve profitability and lay the foundations of long term global growth

The strong growth in operating profits together with exceptional profits of £5 1m from the disposal of non core properties and land and a £5 2m reduction in the imputed cost of funding our UK pension deficit resulted in strong growth in pre-tax profit to £108 7m compared to £85 1m in the previous year

Earnings per share ended the year at 129 6p, an increase of 27 6%

Our balance sheet and cash flow remain strong although the increase in working capital and in particular stock to support our increasing business, coupled with the growing requirement for capital investment have resulted in a reduction in the year end net cash balance from £77 4m last year to £18 6m this year

We remain cautious about the prospects for 2011 In many of our markets the consumer is facing significant challenges as governments struggle to tackle their budget deficits with tax increases and cuts in public expenditure In addition retailers are facing substantial supply chain cost increases in both raw materials and labour The welcome announcement that Anti-Dumping Duties, imposed in October 2006, are being removed at the end of March 2011 will offer some help in mitigating product cost increases but we still face significant challenges

In January 2011, Bob Infantino resigned from the Company Bob joined Clarks Companies North America in 1992 and has been an inspirational leader of that business for nearly 20 years Bob joined the Board of C&J Clark Limited in 2002 In the last financial year our North American business generated record turnover of $735 2m and record profits of $85 0m The overall North American retail market was strong but these were outstanding results and a fitting tribute to Bob's achievements in Clarks Companies North America I would like to thank Bob for his contribution to the Group A formal search process is under way to identify a successor to Bob

On 31st March 2011, Judith Derbyshire retires from the Company Judith joined the Group in 1989 and became Company Secretary in 1991 I would like to thank Judith for her contribution to the Group over the last 22 years

I would like to welcome Sue Nokes who joins the Group on 1st April 2011 as Company Secretary

There have been no other Board changes since last year's Annual General Meeting

At the 2009 Annual General Meeting the Board sought shareholder approval for a three year cycle of share buybacks of between 1% and 2% of the issued share capital per year 1% buybacks were implemented in July 2009 and July 2010 and reported on in the respective half year reports The match between willing sellers and buyers was more balanced during 2010 Approval for the third year's buyback program will be sought at this year's Annual General Meeting

The final dividend due for payment in April 2011 has been set by the Board at 26 5 pence per share Together with the interim payment of 10 0 pence per share, this will make a combined annual dividend of 36 5 pence per share Excluding the special dividend of 10 0 pence per share paid in the prior year this equates to a 30 4% increase on last year At this level, the dividend is covered 3 6 times

PETER DAVIES
Chairman

23rd March 2011

CHIEF EXECUTIVE'S REPORT

I AM PLEASED TO REPORT THAT THE GROUP HAS CONTINUED TO PERFORM STRONGLY OVER THE PAST TWELVE MONTHS IN THE FACE OF MIXED ECONOMIC CONDITIONS.

OVERVIEW

The momentum of our trading growth in international markets across Europe and Asia has continued to accelerate In North America we have enjoyed an unprecedented surge in market demand for our products in all channels of distribution In the UK, although general retail conditions have remained especially challenging we have focused effectively on protecting our dominant market position and have built further on the promising early results of our online selling model We have continued to direct substantial investment into key areas of our business to build brand awareness, strengthen our infrastructure and enhance our global distribution capability Guided by our long term aim of making Clarks the pre-eminent global footwear brand, I believe we have successfully combined driving improved performance in our footwear trading operations with laying the foundations for future sustainable growth

Group turnover grew by 9 2% to £1 28bn With no substantial impact from exchange translation, this improvement resulted from an increase of 6 3% in the volume of pairs sold (equivalent to an additional 2 9m pairs globally) coupled with a positive trend in average selling prices Operating profits before exceptional items improved by 13 9% on the previous year, from £97 4m to £110 9m This marks the achievement of another pleasing milestone for the Group, the first time in our 185- year history that we have been able to report annual profits of more than £100m Whilst the trend in reported earnings was not significantly affected by the retranslation of overseas profits, the operating result was depressed by a net exchange loss of £12 3m (2009/10 £5 1m) arising from foreign exchange contracts used to hedge cash flows denominated in Dollars and Euros, as well as by spot rate retranslation losses in relation to Dollar and Euro assets and liabilities in the Group balance sheet

One of the striking features of our trading performance during the year was the extent to which it was driven by growth in global markets This was certainly true of North America, where sales improved by 19 2% to $735 2m In Clarks International, whilst our retail, wholesale and franchise business in the UK and Republic of Ireland saw its volume base come under sustained pressure and performed creditably to post a sales increase of under 1%, sales in international markets grew by an impressive 20% and came to represent 25 7% of aggregate turnover by the end of the year compared with 22 5% in 2009/10 This contrast of course reflects the impact of the relatively harsher economic climate currently prevailing in the UK It also emphasises how our strategic focus on global markets is already enabling us to tap into some rich growth potential overseas which we are unlikely to be able to match in our home market Hence for the first time around 50% of worldwide sales were derived this year from markets outside the UK, a trend I can only see being accentuated over the next few years

We have recognised exceptional profits of £5 1m (2009/10 £4 8m) from disposals of freehold land and buildings There were two principal disposals during the year The biggest consisted of a portfolio of residential properties and freehold land in and around Street, which realised over £4m in net proceeds and resulted in a pre-tax profit of £3 2m The other consisted of the final parcel of land for development of housing on the Houndwood site in Street, which realised £2 6m in proceeds and generated profits of £1 2m Financing costs fell significantly, with external interest charges down 69 9% on last year due to a much reduced trend in average borrowings The notional cost of financing the Group's pension liability also reduced, from £11 8m in 2009/10 to £6 6m, as a consequence of favourable movements in bond yields, improved asset performance in the main UK fund and the cumulative benefit of the Group's ongoing deficit funding programme

With strong operating results enhanced further by property disposal activity and lower financing costs, profits after tax increased by 26 8% to £77 1m Earnings per share ended the year at an historic high of 129 6 pence, 27 6% higher than the 101 6 pence reported a year ago I am delighted to be able to report such excellent progress in all the key trading-related measures They indicate that as well as delivering growth, my management team is intent on securing a progressive improvement in the underlying quality of earnings performance from footwear operations around the world

The Group's balance sheet and cash flow position have again remained strong throughout the year As anticipated working capital increased to support business growth, with stock levels in particular rising by 39 7% as last year's de-stocking cycle was replaced by a more familiar seasonal pattern, strengthening market demand putting pressure on our sourcing capacity and supply chain Capital investment also rose sharply resulting in total annual spend of £42 5m (2009/10 £19 0m) This was driven by a mixture of infrastructure projects in information technology and logistics, by increased spending on new retail store locations and re-fits, with 28 openings in North America having an appreciable impact, and by 3 further additions to our retail freehold portfolio in the UK Working together with the board of UK pension trustees, the Company also continued to manage actively the long-term risks associated with the main UK defined benefit pension scheme, reflected in increased deficit contributions of £34 5m in the UK and $8 0m in the US and a reduced year end deficit position of £88 2m (2009/10 £100 2m)

Despite additional investment in working capital, capital projects and pension funding, we still reported a net cash positive position of £18 6m at the year end The reversion to a more normal pattern of resource allocation in the post-recession period has naturally resulted in a rise of some 24 4% in capital employed This trend is emphasised by the unusually low operating capital base in last year's comparative, and in the short term has dragged down the overall return on capital employed (ROCE), from 27 6% to a still healthy 25 2% I would currently anticipate that ROCE will continue at a similar level in 2011/12 as the Group begins to digest the impact of the substantial rises in input costs we are already seeing Indeed it may take three to five years for average returns to come back closer to 30% as margins come under pressure and we invest more heavily in our business infrastructure In the meantime I am reassured by the fundamental financial strength of the business and consider our ability to largely self-finance our global expansion plans as a potentially crucial competitive advantage for the future

The following sections highlight some of the key factors which influenced our trading performance in Clarks International and Clarks Companies North America

CLARKS INTERNATIONAL

The Clarks International business encountered mixed trading conditions and experienced quite varied rates of growth across markets and distribution channels Sales volume remained unchanged from last year at 35 2 million pairs, although our efforts to develop a more premium product

CHIEF EXECUTIVE'S REPORT CONTINUED

mix and some moderate increments in average selling prices resulted in an overall rise of 3 1% in turnover to £806 0m As highlighted above there were some interesting shifts in the segmentation of this total, with strong growth in international markets more than compensating for weaker sales demand in the UK Despite encouraging progress in key markets in both Europe and Asia, overall operating profits in Clarks International were hampered by tough conditions in UK Retail and ended the year 1% lower at £93 0m

The UK retail environment was characterised by fragile consumer confidence and declining footfall, with most of the players in our sector competing aggressively on price and value Our primary objective of creating differentiated, desirable product supported by compelling marketing communication met with some success, most notably in the men's category, and helped to protect our strong average prices and margins In children's our core school shoe business continued to demonstrate an encouraging resilience and set new volume records, although there were some signs of our share in out-of-school product being diluted by competitors especially in the value sector Whilst our status as the dominant everyday footwear brand makes us a natural target for competitor activity, we again held our own extremely effectively through a combination of clear product and price positioning, our proven customer service proposition and our excellent operational standards in stores Comparative store sales rose by +0 5% and continued to lag behind the promotionally-driven BRC retail sector index of +5 3% With overall sales volumes below our expectations net achieved margin from the retail business also declined marginally, by 1 3% against last year

Our other main UK and Eire distribution channels also experienced mixed fortunes The Factory Shopping division, benefiting from the pervasive consumer focus on value and helped by the improved quality of its product mix, enjoyed consistently strong trading performance Based on comparative store growth of 5 1% and much enhanced margins, the division posted underlying profits up 78 7% on last year After a highly promising launch our multi-channel retailing (MCR) operation, newly created in October 2008, went from strength to strength With sales of over 1 million pairs, MCR grew its turnover by 56 0% to £32 2m whilst divisional profits lifted 57 3% to £10 8m The economic landscape facing our wholesale business has also been largely unfavourable, especially when considered in the context of the well documented events in Eire Despite this our wholesale results demonstrated an encouraging resilience, despatches ending in line with 2009/10 whilst turnover grew by 2 9% and underlying profits increased by 6 0% Although much smaller in scale than the main UK retail chain, each of these channels set new standards of performance and made an important contribution to the profitability of our business

Much of the growth momentum driving Clarks International forwards during the year has its source in international markets Pairs sold in these markets improved by 13 7% to 6 9m, turnover rose by 20 0% to £206 0m and controllable profits before unallocated overheads increased by 24 7% to £60 9m The pattern of improvement across different markets and regions appears remarkably consistent In Europe our business has benefited from a great deal of painstaking collaborative work on the part of our sales, customer services, supply chain and IT teams to develop our support model to key accounts A volume increment of 11 1% allied to strong prices and margins produced a step improvement of over 25% in European profits In the distributor markets of South East Asia, the Middle East and South America there were welcome signs of renewed growth following the disruption caused by global recession, with volume sales up 19 8% and profits advancing by around 30%

Shareholders will be aware of the considerable strategic importance of emerging markets to our future global ambitions Chief amongst these in terms of our current priorities are China and India I am particularly delighted to draw attention to the very encouraging progress we have made during the year in the Chinese market Under the guidance of our General Manager Nancy Huang we have extended our brand presence to 260 distribution points, simplified our trading model to secure improved profitability and further built our team capabilities and infrastructure The China region including Hong Kong and Taiwan grew by 19 9% to just under 1 million pairs, whilst controllable profits improved by 27 0% In India the Chief Executive of our joint venture company Clarks Future Footwear Limited, Ramprasad Sridharah, has made excellent headway in progressing a myriad of activities, including establishing a team to manage the joint venture operations, setting up systems and processes, co-ordinating our product, supply chain and sourcing arrangements and identifying store opportunities We will be formally launching the new business this spring when we open our first Clarks stores in Delhi, Mumbai and Bangalore in early

April, with a further series of openings in major cities scheduled for later in 2011 It will of course take several years for our operations in China and India to mature and become material profit contributors, but I firmly believe that the investments being made today in these markets will turn out to be central to our commercial prospects in the longer term

The key drivers for our growing success in international markets are varied As well as improving our approach to servicing major wholesale customers, we have begun to concentrate our selling efforts on focus groups of product backed by stronger marketing support, attracting bigger order volumes as a result Many more commercially successful product groups have emerged which meet the needs of our consumers across different markets There has been a progressive improvement in our planning, merchandising and supply chain performance Our international franchise store (IFS) model has again played a significant role in helping to develop our presence in numerous locations, stimulating volume growth and enhancing our understanding of the markets' dynamics We opened a further 48 IFS stores during the year, bringing the total number worldwide to 225 locations selling 1 7m pairs of shoes annually Much work still remains to be done to fully develop our supporting infrastructure and to attain the optimal sales density in the IFS store portfolio, but excellent progress continues to be made

In summary, the development of our international operations has of course been a genuine team effort with key contributions from across the business functions and geographies I would however like to offer my particular thanks to our International Operations Director Ken Dobinson, whose energetic leadership and clear strategic vision have lent overall cohesion to the team's work These are exciting times for our international business, with rich promise of further advances to come

NORTH AMERICA

My September report highlighted the remarkable resurgence of our North American business in the first half following two challenging, recession-hit trading periods in 2008/9 and 2009/10 I am delighted to confirm that the improvement has been more than sustained in the second half With buoyant demand for our products from consumers and strong support from trade customers and partners across the whole spectrum of our business and in all distribution channels, we were able to set new performance records in many areas

Turnover for the full year ended 19 2% ahead of 2009/10 at $735 2m whilst profits jumped by a spectacular 82 7% to $85 0m, well in excess of our best expectations and almost a third more than the previous highest result of $64 7m reported in 2007/8 That our own performance stretched beyond the general recovery in the US footwear sector testifies to the success of our endeavours in creating great commercial product groups with real appeal to our consumers as well as to the unstinting hard work of our teams in wholesale and retail operations, sourcing and logistics, marketing and the support services I would like to express my special thanks to the outgoing President of Clarks Companies North America, Bob Infantino, and to the entire CCNA team, for their huge collective achievement in delivering these quite outstanding results

The wholesale division remains the dominant distribution channel, and enjoyed a highly successful year Wholesale orders were strong throughout as customers replenished their low opening inventories and sought to respond to improving market demand Total despatches of 13 7m pairs reflected growth of 18 3% on the previous year All major customer types advanced strongly, with direct-to-consumer accounts showing the largest increase of 57 4% and independents experiencing an overall improvement of 15 6% Many of our product successes were in higher priced categories such as Unstructured, Wave and boots, so that prices also trended upwards by an average of $1 15 per pair, driving our wholesale net turnover 22 8% higher at $431 7m Average gross margins ended the year three percentage points stronger than last year at 38 1%, benefiting from a reduction in sales discounts and allowances as well as the fact that fewer markdowns were required to clear excess inventory This favourable combination of substantial volume gains, higher prices and enhanced margins resulted in a record divisional profit of $72 8m, an improvement of 85 6% on the previous year

Our retail division also traded consistently well throughout the year, more than recovering the reduced volumes experienced in the downturn of early 2009/10 to post a comparative sales performance of +9 9%, comfortably ahead of the FDRA sector index of +5 6% Second half sales growth of +7 8% proved stronger than expected in relation to last year's comparative base of +5 5%, maintaining the excellent momentum generated in the first half and bringing full year aggregate sales to $297 5m (+14 2%) The merchandise assortment featured a high mix of premium product categories in both women's and men's, such as Unstructured, Wave and Artisan, with our boot collections in the Fall also meeting with notable success This contributed to a marked improvement in gross margins, which rose by an average of 1 5% against the previous year Combined with strong control of branch expenses and less markdown activity to dilute our margins, the increased transaction volumes resulted in a pleasing upturn in retail trading profits, ending the year 86 3% higher at $18 4m It is encouraging that the retail business has been able to generate such positive operating results whilst still continuing to expand the footprint of our store presence in the American market, with 28 new locations opened during the year January 2011 also saw the very successful launch of our website, with sales results in the first few weeks ahead of expectations highlighting the tremendous potential of the e commerce channel

Capital employed in the business ended the year well ahead of last year at $241 7m, reflecting the build up of inventory to support our projected Spring 2011 wholesale order book Despite some increase in inventories and debtors across the year in response to the growth in our trading volumes, overall management of working capital

CHIEF EXECUTIVE'S REPORT CONTINUED

has remained highly effective and the impact on our cash flows has been mitigated by the later than expected timing of our investments in capital infrastructure projects The return on average capital employed therefore improved very strongly, ending the year at 37 4%, significantly ahead of the 20 0% achieved in 2009/10

CCNA has made a major contribution to the Group's sales and profit performance during the year, and I am very conscious of the need to continue strengthening the infrastructure of the business to underpin future growth To this end a joint team drawn from business and IT functions in North America and Clarks International have been working for much of last year on defining a new systems solution for CCNA based on SAP technology This will enable us to both update the existing legacy systems and create greater potential for collaborative working for the future by establishing common data structures and more standardised business processes We will progress further with building and testing this solution during the coming year, with a view to implementation in 2012 The other key area where infrastructure investment will ultimately be essential is in logistics The Hanover based logistics team have done a remarkable job in coping with a 27 4% increase in flow-through volume during 2010 but that unexpected growth has inevitably placed severe strains on our distribution capacity The Board will address this issue early in 2011 with a view to initiating a longer term solution Our current thinking is that a new distribution centre should be built and commissioned on the Hanover site over a two to three year period, although a range of potential alternative options will naturally be considered

BUSINESS STRATEGY

Our core strategic objective of building Clarks as a global brand has been explicit for a number of years Although our own business can boast a long and distinguished history, the competitive landscape in which we operate and the expectations of our consumers around the world continue to evolve at a bewildering pace Many of our competitors are operating on an increasingly global scale The major sports brands which account for some 50% of footwear purchases in many economies have driven more consistency in consumer attitudes, whilst luxury fashion has driven more commonality in fashion trends Value players in footwear and apparel have created an ethos of cheap, disposable fashion alien to previous generations Our consumers are living busy, often crowded lives with new concentrations of wealth and commercial power in the hands of younger people than ever before, especially in the emerging markets These consumers are much more open to digital selling and marketing and therefore less reliant on traditional forms of distribution and sources of information

In this world of new markets and consumers, many consumers seek a brand with genuine authenticity and integrity, which is capable of making powerful emotional connections with their lifestyle needs Advances in digital technology are driving rapid changes in modes of communicating, shopping, socialising and educating To be able to adapt to, and thrive in this new world I believe we will need to become increasingly agile, innovative and fast paced, as our competitors are already doing In many ways we are ideally placed to take advantage of these developments At the heart of our business we have a brand with a fantastic heritage, real authenticity and true expertise in design and technology We have access to a broad base of consumers, a wide array of product categories and a distribution structure which features a presence in many markets worldwide We have strong capabilities in sourcing, supply chain management and sales operations across a variety of channels, and in addition have built up a robust support infrastructure

For all these reasons Clarks is uniquely well positioned to become market leader in everyday footwear in a global context As well as strengthening our leading position in the UK, we must grasp the massive potential growth opportunities available to our brand in international markets This will mean making ongoing changes to our business as we learn how to build our brand in new and emerging markets and how to engage with consumers in a fast-changing world Many of the key growth initiatives are already underway and are described in the preceding sections There are already tangible signs that global growth is driving our success, with much faster sales growth being achieved in markets outside the UK Much more remains to be done, however, to deliver our ambitions for the brand

Perhaps the most powerful stimulus to our efforts in the next phase of international growth will come from developing a more collaborative style of working across our worldwide business I believe we need to improve the way in which we exploit the range of skills and talent available in the Group, be more ready to share best practice across teams of people based in different parts of the world and so harness the tremendous strengths we already have

One small example of the power of collaborative working is the development of our new global store format, which has drawn on the ideas and requirements of stakeholders in all our key markets and has been successfully trialled in locations as diverse as the UK, America, Germany, Holland, Spain and China Together with my senior management team I recognise the part I can play in releasing our teams' potential by creating an environment where business can be conducted more simply and with greater pace, where we can harness the expertise and energy of our people throughout the organisation by giving greater ownership for local decision making, and above all where we can concentrate on putting consumers first

TRADING OUTLOOK

Considerable uncertainty continues to surround the economic prospects of some of our key markets over the medium term Foremost amongst these is the UK, where a weak recovery from recession allied with the pervasive mood of fiscal austerity has weighed heavily on consumer confidence and fed through directly into sluggish demand in all sales channels I would expect trading conditions in our home market to remain decidedly challenging throughout 2011/12 Some other European economies important to our business strategy such as Eire have suffered much publicised financial collapse requiring EU bailout support whilst another, Spain, may yet require such support in the future

In North America the economic indicators are currently mixed and rather confusing, though I have some confidence that the vast and dynamic American consumer market is likely to form at least a stable platform for our growth ambitions in the coming years even if a second surge in growth on the scale of that achieved in 2010/11 is unlikely to materialise The emerging global economies of China, India and Central and Eastern Europe hold exciting long term potential and will yield faster growth rates, but even here the signs of escalating inflation may cause policy makers to prioritise the maintenance of macroeconomic stability over stimulating short term growth For all the particular challenges of developing our business in certain parts of the world, I would conclude that conditions in most global markets are at least more favourable than they were a year ago, especially in North America In the UK however I suspect it may take two or three years before we see a sustained improvement in business growth and consumer confidence

At the time of writing we are assessing the impact on our business of the devastating earthquake and tsunami in Japan I am however very pleased to report that all of our staff were safely accounted for It is too early to assess the full impact of this on our trading plans, however I do not expect the impact to the Group overall to be significant

Some grounds for optimism for the immediate future lies in the strength of our wholesale order position for Spring/Summer 2011 collections, which are presently showing around 15% growth in international markets and a 40% increase in North America In addition, retail trading in the US has proved to be well above expectations in the early weeks of the new financial year, sustaining the momentum created by last year's excellent outturn In the UK our retail comparative sales growth has remained in positive territory in a challenging environment, with encouraging signs that consumers continue to respond positively to differentiated product offering great value for money The MCR business has started the year very strongly and promises to make further headway in the UK, whilst our European direct-to-home selling model is ready to launch as I write

In summary, whilst it remains too early to judge the commercial success of our new season's ranges there are sufficient indicators to suggest that the business overall will continue to grow its trading volumes satisfactorily in the coming year Operating profits will be strongly impacted in 2011/12 by the exceptional rise in input costs to which I drew shareholders' attention in my half-year report Driven by the erosion of our currency hedge against the Dollar and by inflation in commodity prices for leather and PU as well as by higher labour costs from factories in China and Vietnam, product costs will increase on average by at least 20% in Clarks International this year, compressing our margins in all product categories and distribution channels We have planned to mitigate this effect through a combination of volume growth and selective price changes The recently announced discontinuance of Anti-Dumping Duties on all products sourced from China and Vietnam with effect from the end of March 2011 will result in a reduction of £15m in our annual duty burden and will of course assist us in absorbing additional product costs Overall I would currently anticipate that the coming year will see the Group achieve a further steady improvement in turnover and operating earnings, although the risks associated with product cost inflation should not be underestimated

It remains for me to offer my sincere gratitude to colleagues across the business for your hard work and support throughout the year To have made such strong progress in the successful execution of our business strategy and at the same time deliver a set of Group results showing consistent improvement in our sales and profit performance is a notable achievement in challenging economic times, and one I think we should take pride in collectively I believe we are right on track to achieve our goals for Clarks on the global stage and remain confident that the next few years will prove to be an exciting period of growth

MELISSA POTTER
Chief Executive

23rd March 2011

FINANCIAL REVIEW

RESULTS FOR THE YEAR

Group turnover increased to £1,281 3m from £1,173 5m, an increase of 9 2%

Group profit before interest rose by 17 2% to £115 9m and profit before interest and exceptional items rose by 13 7% to £110 8m Profit before tax rose by 27 7% to £108 7m due to reduced pension financing costs of £6 6m compared to £11 8m in the prior year Profit after tax of £77 1m is 26 8% higher than last year's comparative of £60 8m Post exceptional earnings per share increased to 129 6 pence per share from 101 6 pence last year

A detailed review of trading performance for each business division is provided in the Chief Executive's report on pages 10 to 15

ACCOUNTING POLICIES

In my report last year I indicated that having evaluated the benefits of adopting full International Financial Reporting Standards (IFRS) compared to the costs involved in transitioning to the new standards, the Board decided that it was not in the best interests of the shareholders to adopt IFRS last year

The Accounting Standard Board (ASB) has recently issued Financial Reporting Exposure Draft (FRED) 43/44 on the future of financial reporting in the UK which proposes that non-publicly accountable entities (private entities) that exceed a minimum size threshold could choose to apply a new Financial Reporting Standard for Medium Sized Entities (FRS-ME) or adopt full International Financial Reporting Standards (IFRS)

The Group awaits the publication of the final FRS-ME after which a considered decision will be made as to whether to adopt this instead of full IFRS The most likely adoption date for the Group will be for financial statements for the year ending 31st January 2015, although this is to be confirmed

PRESENTATION OF RESULTS

In line with previous years, we have adopted a columnar format for the group profit and loss account in order to distinguish as clearly as possible between the performance of the core footwear operations and the impact of exceptional expenditure and income

We have again chosen to report on the face of the group profit and loss account the costs of providing long term incentive schemes to executive directors and senior management as a separate item charged in arriving at operating profit In the current year the profit and loss charge has increased to £16 5m (2009/10 £12 1m) in consequence of the increasing profitability of the Group and especially the strong results achieved in North America Please refer to "Long-term Incentive Plan" on page 32 for a full description

We have this year reported the results of our new joint venture in India, Clarks Future Footwear Ltd for the first time This joint venture was set up during 2010 but is not due to start trading until April 2011 In line with FRS 9 (Associates and Joint Ventures) we have used the gross equity method of consolidation, in which our share of the gross assets and liabilities underlying the net amount of the investment is shown in aggregate on the face of the balance sheet In the profit and loss account our share of the joint venture's turnover is shown and our share of operating profits in the joint venture is shown below group operating profits This latter element equates to a cost of £0 1m in the year being our share of the costs associated with setting up the joint venture There was no joint venture turnover reported during the year ended 31st January 2011

EXCEPTIONAL ITEMS

There were no exceptional charges this year (2009/10 £3 3m)

Profits on disposal of fixed assets of £3 9m (2009/10 £0 9m) have been recognised below operating profits in accordance with FRS 3 (Reporting Financial Performance), Paragraph 20 (c), £3 2m of which represents the profit on disposal of the remaining Street based residential property assets The balance represents a small number of disposals, none of which individually exceed £0 2m In addition we have recognised £1 2m of disposal profits in respect of land held for resale being the third and final tranche of land on the Houndwood site in Street for residential development This disposal profit has also been recognised below operating profits in accordance with FRS 3 Paragraph 20 (c)

In total an exceptional gain before taxation of £5 1m is reported (2009/10 a gain of £1 5m)

FINANCING COSTS

Financing costs of £7 2m (2009/10 £13 8m) comprise net bank interest charges of £0 6m (2009/10 £2 0m) which reflect the impact of lower interest rates and reduced external borrowings, offset by net pension financing costs of £6 6m (2009/10 £11 8m) Pension financing is an imputed charge calculated in accordance with Financial Reporting Standard 17 and represents the difference between the interest charge on the Group's pension liabilities and the expected return on the pension assets, the former based on a discount rate derived from high quality corporate bonds

TAXATION

The effective tax rate on earnings before exceptional items is 29 7% (2009/10 29 7%) The tax charge on current year earnings, excluding the effect of prior period changes, is 29 5% compared to 28 9% in the prior period The increase in the underlying group effective rate of tax is mainly due to the increased proportion of earnings generated in North America where corporate tax rates are higher

The group tax charge is higher than the UK corporate tax rate of 28% due to the international mix of earnings taxed overseas at higher rates and because UK tax relief is not obtained for commercial building depreciation and lease exit costs

The UK corporate tax rate will reduce to 26% from 1 April 2011 and the UK government has stated it intends to further reduce the rate by 1% a year to 23% in 2014 Assuming the rate reductions are enacted and with a similar mix of international earnings it is anticipated the group pre-exceptional tax rate next year, after current and deferred tax changes, will be 2 5% lower at around 27%

Exceptional profits arising on UK property disposals are subject to tax at a lower effective rate due to the availability of re-investment reliefs and consequently the group post exceptional tax charge is 0 7% lower at 29 0%

BALANCE SHEET

Capital employed has increased by £86 2m or 24 4% to £439 3m at 31 January 2011 Our working capital levels in Clarks International are £34 5m higher than last year with increased stock levels increasing by £50 3m (37 6%) to £184 3m and creditors correspondingly increasing by £22 9m or 27 7% Average stock cost per pair increased by 25% and pairs by 14% In North America stock levels increased by $62 0m (39 6%) to $218 4m Average US stock cost per pair increased by less than 1% but pairs rose by 38 4%

Our fixed asset base has increased by 5 5% to £200 3m as we continue to invest in the business in retail stores

FINANCIAL REVIEW CONTINUED

both in the UK and the US, and have continued to roll out our international franchise store programme Group capital expenditure of £42 5m (2009/10 £19 0m) was ahead of the level of depreciation charged of £27 8m (2009/10 £27 5m)

We have relocated and opened 3 new stores in the UK at a cost of £0 4m (previous year being 6 stores at a cost of £1 7m) We have closed 18 stores during the year (previous year being 7 stores) We have also refitted a further 34 stores at a cost of £4 8m (previous year being 30 stores at a cost of £2 9m) In addition we have invested capital expenditure during the year in 48 new international franchise stores at a cost of £1 2m (previous year being 57 stores at a cost of £1 5m) We have closed 19 stores in the year (previous year being 11 stores) At the balance sheet date our estate of International franchise stores numbers 225

We have relocated and opened 28 new stores in North America at a cost of $8 9m (previous year 11 stores at a cost of $4 0m) We have also refitted a further 5 stores at a cost of $0 9m (previous year 2 stores at a cost of $0 5m)

Provisions excluding deferred tax of £25 9m have increased by £4 1m on last year as we are holding higher provisions for long term incentives for executives and senior managers

Due to the significant increases in working capital, higher levels of capital investment, and increased pension deficit funding we are reporting a net cash positive position of £18 6m, £58 8m lower than last year's net cash position of £77 4m Cash flow generated from operating activities of £40 3m was £130 9m lower than last year's £171 2m driven predominantly by the increased working capital levels and pension deficit funding, and cash outflows from investing activities of £41 4m were also higher than the prior year's comparative of 19 6m Tax paid of £32 9m was £12 5m higher than in 2009/10

Shareholders' funds stand at £366 9m, £44 4m higher than last year's comparative Net assets excluding pension liability of £455 1m were £32 4m higher than last year The reduction of £12 0m in the pension deficit as outlined in my following paragraph has further contributed to the improved balance sheet position

PENSIONS

The deficit in the Company's defined benefit pension schemes continues to have a significant impact on the group's trading results and balance sheet The deficit has decreased to £88 2m from £100 2m at 31st January 2010

The cost of all group pension schemes is shown in Note 22 to the financial statements

Actuarial gains and losses are shown in the Statement of Total Recognised Gains and Losses on page 49 These financial statements recognise a further improvement in the level of pension deficit in both the UK and North American schemes The positive impact of the continued recovery in equity markets was again partly negated by lower corporate bond rates which increased our net liabilities

The Company continues to fully support the UK and US defined benefit pension schemes by making significant additional cash contributions

During the financial year cash contributions into the main UK fund in the form of deficit funding amounted to £29 5m (2009/10 £16 5m) This includes accelerated payment of £17m which does not fall due until 5 April 2011 Contributions to the main US defined benefit fund amounted to $8 0m (2009/10 $6 0m)

On the 8th July 2010 the UK Government announced a change in the basis of minimum pension benefit increases from RPI (Retail Prices Index) to CPI (Consumer Prices Index) for any private sector pension scheme The ASB issued guidance on accounting for this change in its UITF Abstract 48 (accounting implications of the replacement of the retail prices index with the consumer prices index for retirement benefits) This states that where there is no specific obligation to increase pension benefits in line with RPI under the scheme rules, scheme liabilities can be re-measured under CPI The rules of the C&J Clark Pension Fund provide for pensions in payment to be linked to RPI but the benefits of deferred members are based on statutory provisions until the benefits come into payment In accordance with the Scheme rules, the scheme actuary has therefore calculated deferred member liabilities on the basis of assumed CPI inflation (during the period of deferment) for the purposes of the FRS 17 valuation at the balance sheet date This change has resulted in a decrease in the scheme liabilities estimated at £7 0m and has been recorded as a movement in actuarial gains and losses in the Statement of Recognised Gains and Losses (see page 49) The detailed assumptions which underpin the Group's defined benefit pension obligations are shown in note 22 on page 67

TREASURY OPERATIONS
The group's funding, liquidity, currency and interest rate risks are managed by a Treasury Committee working within a framework of policies authorised by the Board The policies are reviewed and updated annually where necessary

FUNDING AND LIQUIDITY
The group's borrowing facilities comprise a Revolving Credit Facility with a syndicate of five major banks and a total facility amount of £136 5m This facility is due to expire in March 2014 The Group also has UK and other overseas short-term facilities amounting to £34 6 m (2009/2010 £33 7m)

INTEREST RATE RISK
The group is exposed to interest rate risk principally in relation to borrowings and deposits denominated in Sterling, US Dollar and the Euro

CURRENCY RISK
The Treasury Committee manages currency exposure relating to the group's trading operations by entering into a combination of fixed forward dated and structured instruments, at key points throughout each season based on detailed forecasts of future transaction flows The main currencies in order of transactional value are US Dollar, Euro and Japanese Yen The US Dollar is used primarily for sourcing footwear from outside the USA, examples being Brazil and the Far East Contracts are placed competitively with relationship banks Income and expenditure flows in the same currency are offset as far as possible through natural hedging and as a result sales and purchasing activity within the Euro zone is consolidated

At the balance sheet date, the Group's estimated currency exposure for the Autumn Winter 2011 season was covered in line with policy and for earlier seasons 100% covered The total value of fixed dated sale and purchase currency contracts at the balance sheet date was £650 2m (2009/2010 - £455 7m)

SHARE MARKET
In accordance with the Articles, share valuations are prepared twice a year by an independent firm of chartered accountants

In May 2010, 698,353 Ordinary Shares were offered for sale at £6 80 and 442,382 shares were purchased at that price

In July 2010 the Company bought back 228,450 Ordinary shares at £6 80

In October 2010, 57,375 Ordinary Shares were offered for sale at £7 30, all 57,375 shares were sold at that price

On 30th June 2010 87,516 shares were appropriated for participants in the C&J Clark Limited All Employee Share Incentive Plan

ROBIN BEACHAM
Finance Director

23rd March 2011

CHANGING SHOES AND CHANGING VIEWS

Clarks are world-renowned for the quality and comfort of our footwear For generations, millions of mums and dads have put their children's growing feet in our safe hands Our consumers trust us to take care of their own feet too, with shoes and boots that are easy to wear and well made However, for increasing numbers of younger customers, style is just as important as comfort

To keep moving forward with our consumers, we need to change

So, combining our design skills with our understanding of what motivates choice we have created new collections that not only feel great, they look great too The results have triggered a wealth of media coverage, with Clarks becoming the big story in the press and online Everywhere from the UK to Europe and China, in influential magazines like Vogue - both in the UK and Italy - in Grazia, GQ and Marie Claire, wherever people are searching for the latest trends, they're seeing the Clarks name

TV and press advertising added to the growing appeal of Clarks shoes with a high impact campaign that took the 'Stand Tall Walk Clarks' message into homes the length and breadth of the UK Reinforcing the PR coverage and helping to change perceptions of the brand, the results were so positive that the initial, scheduled TV campaign was extended and final sales for the period topped the £35 million mark

Across the Atlantic, meanwhile, CCNA joined the global marketing organisation in continuing the development of our global brand position and expressing the confidence that comes from wearing Clarks

Moving forward, our commitment is to remain a must-have for everyone who loves style, demands quality and appreciates comfort

CORPORATE POLICIES

CORPORATE GOVERNANCE

INTRODUCTION

The Group is committed to high standards of corporate governance The Board is accountable to the Company's shareholders for good governance and this statement describes how the Group supports the principles laid down in the Combined Code on Corporate Governance ('the Code') as issued by the Financial Reporting Council in June 2008 As a private limited company the Group is not required to adhere to the Combined Code but does so on a voluntary basis This statement describes how the principles of the Code are applied and reports on the Group's compliance with the Code's provisions throughout the year ended 31st January 2011 Where the Group has not complied with the provisions the Directors have disclosed the fact and their reasons for believing that these omissions do not compromise the high standards of corporate governance In furtherance of the principles of good corporate governance, the Board and Board Committees operate in the following ways

BOARD OF DIRECTORS

The Board currently consists of the Non-Executive Chairman, four other Non-Executive Directors and two Executive Directors The biographical details of the Board members are set out on pages 38 and 39 The Directors bring strong independent judgement and considerable knowledge and experience to the Board's deliberations The Code stipulates that at least half of the Board, excluding the Chairman, should comprise independent Non-Executive Directors The Code defines independent Non-Executive Directors as those who do not represent a significant shareholding or have material business with the Company Two Non-Executive Directors are independent within this definition The Board also feels that it is in the interests of the shareholders as a whole that there are two representatives of the Family Shareholder Council on the Board Whilst not in compliance with the Code, the Board believes the composition of the Non-Executive element of the Board to be appropriate given the needs of the business and the experience, background and calibre of the Non-Executive Directors concerned

The Board meets regularly throughout the year and on additional occasions as required The Company Secretary maintains a record of attendance at Board meetings and Committee meetings, further details of which are disclosed in the table opposite The Board has a schedule of matters specifically reserved to itself for decision, such as the approval of annual and interim report and accounts and annual budgets and the declaration of dividends The Board is committed to ensuring that proper standards of corporate governance are maintained throughout the Group

The Code advocates the appointment of a separate Nominations Committee comprising a majority of independent Non-Executive Directors Currently the Board assembles Nomination Committees to deal with specific nominations as necessary Members of the Board and recruitment consultants, who are also used to assist the process, suggest possible new Executive and Non-Executive Directors Candidates are considered by all Directors and the Company Secretary Whenever a new Director is appointed to the Board, he or she is provided with access to appropriate training if necessary

The Code recommends that Non-Executive Directors should serve two three-year terms However, in accordance with the Articles of Association, Non-Executive Directors (excluding the Non-Executive Chairman) can serve until the conclusion of the next Annual General Meeting after they have completed nine years of service or such other period as the Company agrees by special resolution At the first Annual General Meeting following their appointment, Directors must retire and seek re-election In addition, Directors retire by rotation, and are eligible for re-election, at least every three years

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Group's expense This is in addition to the access which every Director has to the Company Secretary The Company Secretary is charged by the Board with ensuring that Board procedures are followed

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information In the case of Board meetings, this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters The performance is continually monitored by the Chairman Full details of Directors' emoluments and a statement of the Group's remuneration policy is set out in the Remuneration Report on pages 30 to 35 The Non-Executive Directors receive a fee, but do not participate in any bonus or incentive schemes or qualify for pension benefits

Membership of Board and Sub Committees

	Main Board		Audit Committee		Remuneration Committee		Share Valuation Committee		Board Pensions Committee	
	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance	Member	Attendance
Number of meetings		6		3		3		2		2
Executive Directors										
Peter Bolliger [1]	yes	1	no	1[7]	no	–	yes	1	yes	1
Robin Beacham	yes	6	no	3[7]	no	–	yes	2	yes	2
Bob Infantino [2]	yes	2	no	1[7]	no	–	yes	1	no	–
Melissa Potter	yes	6	no	3[7]	no	–	yes	2	yes	2
Non-Executive Directors										
Peter Davies	Chair	6	yes	3	yes	3	yes	2	Chair	2
Harriet Hall [3]	yes	2	yes	1	yes	2	yes	1	no	–
Hugh Clark [6]	yes	6	yes	3	Chair	3	yes	2	no	–
Thomas O'Neill	yes	6	yes	3	yes	3	yes	2	no	–
Nigel Hall	yes	6	Chair	3	yes	3	Chair	2	no	–
Stanley Kravetz [4]	yes	1	yes	1	yes	1	yes	–	no	–
Timothy Campbell [5&6]	yes	5	yes	2	yes	2	yes	1	no	–

[1] Ceased to be a Director on 31st March 2010
[2] Ceased to be a Director on 6th January 2011
[3] Ceased to be a Director on 7th May 2010
[4] Ceased to be a Director on 30th April 2010
[5] Appointed as a Director on 6th May 2010
[6] Representatives of the Family Shareholder Council
[7] Attended the meeting at the invitation of the Committee

BOARD COMMITTEES
The Board has appointed the following Committees to deal with specific aspects of the Group's affairs The Committees all have formal Terms of Reference that have been approved by the Board and are held at the registered office, however these Terms of Reference are not available on the Group's website and in this respect, the Group is not in compliance with the Code The Group feels that making Committee Terms of Reference available at its registered office is sufficient for those shareholders that require to see the Terms of Reference A table showing attendees and chairs of each Committee is shown above The Code advises that no single Non-Executive Director should sit concurrently on all three of the principal Board Committees Audit, Share Valuation and Remuneration Due to the size of the Board, the Board does not believe that this would be feasible or beneficial to the Group

AUDIT COMMITTEE
The Committee has formal Terms of Reference covering all the points recommended by the Code It meets at least three times a year and its duties include the review of internal controls and risks throughout the Group, approving the Group's accounting policies and reviewing the annual and interim report and accounts before submission to the Board The independence and objectivity of the external auditors and the effectiveness of the external audit process are also considered It is a specific responsibility of the Audit Committee to ensure that an appropriate relationship is maintained between the Group and its external auditors The Group controls the provision of non-audit services to safeguard the external auditors objectivity and independence The split between audit and non-audit fees for the year under review appears on page 53 The Finance Director, other Executive Directors, external auditors and company managers are invited to attend the meetings of the Committee as appropriate

REMUNERATION COMMITTEE
The Committee meets at least twice a year and its responsibilities are to approve the remuneration and other benefits of the Executive Directors The Committee also receives reports on the terms and conditions of other senior executives

SHARE VALUATION COMMITTEE
The Committee meets twice a year with representatives of the valuers of the Company's shares, together with other advisers, to review the general trading background and other appropriate information to assist in valuing the shares

BOARD PENSIONS COMMITTEE
The Committee reviews and agrees any proposal for changes to pension schemes for employees All significant changes are recommended to the Board for approval

FAMILY SHAREHOLDERS' COUNCIL
Family shareholders holding 83 2% of the ordinary shares of the Company have formed a Council to aid communication between shareholders and the Board The Council assists in the implementation of corporate governance policies and works with the Board in matters affecting the marketability of shares The Council may nominate two persons for appointment as Non-Executive Directors of the Group

SHAREHOLDER RELATIONS
The Group places a great deal of importance on communication with its shareholders and employees The full annual and interim report and accounts are available to all shareholders All

CORPORATE GOVERNANCE CONTINUED

shareholders have the opportunity to ask questions at the Company's Annual General Meeting which all Directors attend At the meeting the Chief Executive will give a statement on the Group's performance during the financial year Both the Chair of the Audit Committee and the Chair of the Remuneration Committee are available for questions at the Annual General Meeting The Chairman will advise shareholders on proxy voting levels

AUDIT AND INTERNAL CONTROL
The Board, through the Audit Committee, is responsible for the system of internal controls maintained by the Group It also has responsibility for carrying out a review of the status of those internal controls on an annual basis and reporting that it has done so This system provides reasonable, but not absolute, assurance against material loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation and mitigation of business risks There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group Key elements of the Group's system of internal control are as follows

- The Directors have put in place an organisation structure with clearly defined lines of responsibility and delegation of authority
- The Group has a comprehensive system of financial reporting
- The annual budget of each operating unit is approved by the Executive Directors and the Board approves the overall Group budget
- Performance against budget is reviewed by the Board each month and any significant variances are examined Detailed performance reviews are carried out by management
- There are clearly defined policies for capital expenditure approval including appropriate authorisation levels Large capital projects and company acquisitions require Board approval
- A number of functions, which operate within policies and delegated authority limits established by the Board, report to the Board periodically These include treasury operations, corporate taxation, pension fund and risk management
- Group and operational management are responsible for the identification, evaluation and management of key risks applicable to their areas of the business In the UK this is supported by the role of Risk Manager, and in North America by the Director of Internal Controls

These risks may be associated with a variety of internal or external events including control breakdowns, regulatory requirements and natural catastrophe Each operating unit is responsible for establishing and operating the required detailed control procedures to manage these risks

The systems detailed above have been in place for the year under review and up to the date of approval of the financial statements They are regularly reviewed by the Directors and accord with the Turnbull guidance on internal control There are two Internal Control Committees, one in the UK and one in the US, which are responsible for monitoring and reviewing the internal control environment within the Group on behalf of the Audit Committee A business-wide review of internal controls and risk management systems is carried out every year and reviewed by the Audit Committee on behalf of the Board The review indicates areas in which the system of internal control could be further improved Detailed reviews of the most significant of these areas are conducted during the following year and the results reported to the Audit Committee The Audit Committee have reviewed the need for an internal audit function and consider that the current systems provide adequate assurance at this time This decision will continue to be regularly reviewed

HEALTH AND SAFETY SUMMARY

During 2010 further steps were taken to achieve consistently high standards across the business and reduce the administrative burden The Health & Safety Policy has been updated to reflect the expansion in the international business

The Health and Safety Steering Group, chaired by the Finance Director, again met twice during the year to review progress, agree areas requiring action and set divisional objectives

A number of training sessions were delivered in Head Office, across UK & ROI Operations and at the Logistics hubs Line managers in Logistics at both Westway and Watercrook have received additional training prior to the project work that took place at each site Every Store Manager in Clarks stores and Factory Shopping was assessed for health and safety competence and received additional training where necessary

Across the UK and Republic of Ireland retail business there was a total of 860 accidents, a small reduction on last year The more serious reportable accidents were also down a little to 25 from 27 in 2009 There were 38 visits to our retail premises by the enforcement agencies or centre-management companies and in 6 of these no action at all was required There was no enforcement action taken against the company

Although there was an increase in the accidents in Logistics the total number of accidents across the UK and Republic of Ireland business reduced by 1% and reportable incidents were down by 3%

Reported cases of violence or verbal abuse to our retail staff reduced by 19% to 17 This reduction in Clarks' incidents is a contradiction of the significant increase in this problem across the UK retail sector during the year reported by the British Retail Consortium (BRC)

The UK insurance claims history continues to show the benefits of the effective implementation of our procedures and practices and claims are broadly level with 2009 In the US however, there has been an increase in the Workers Compensation claims

In CCNA the total staff number increased by 14% year on year and there was a 6% increase in the number of accidents Training, particularly at the Logistics centre, has been the key measure taken in the US business to improve compliance and reduce insurance claims CCNA statistical reporting is now taking place in a format consistent with Clarks International to aid comparison

CORPORATE SOCIAL RESPONSIBILITY SUMMARY

As part of our regular review of our CSR programme, we commission an annual independent benchmarking review, comparing Clarks' position on a range of CSR issues to that of peer companies in the retail and footwear sectors

The 2010 review revealed that Clarks is average in the peer group, and recommended that we consider developing our CSR vision and strategy to focus on generating competitive advantage in key areas This aligns with our focus on moving towards proactively shaping the social responsibility agenda within the business

CLARKS SOCIAL RESPONSIBILITY (CSR) STRATEGY

Clarks' overall approach is to take responsibility for the impacts that the business has on people and the planet This isn't something new for Clarks – acting responsibly has been a core part of the way we work since the company was established in 1825 We're proud of our heritage in being socially responsible, and look to the values that continue to guide the business when developing our social responsibility strategy

We focus on identifying social responsibility risks associated with our products, measuring impacts and facilitating change within the business to improve performance This approach was launched in 2007, and since then significant progress has been made in establishing governance and processes for identifying, managing and reporting our impacts

Having established these solid foundations, we are moving into the next phase of our programme This will focus on proactively shaping the future social responsibility agenda within Clarks to integrate with the five-year plan and support the business' ambition to walk tall as the world's leading global shoe brand

The development of a global Code of Business Ethics is a key enabler for integrating ethical values and social responsibility into decision-making processes, and is a primary focus for the coming year The Code will interlock with the promotion of Clarks' core values to employees and is expected to be rolled out in 2012

Putting the consumer at the centre of everything we do is an important element of Clarks International's five year plan We recognise that we need to increase our understanding of what consumers want from us in terms of the social responsibility impacts of our products The first major piece of work in this area during 2011 will inform us on the expectations of our consumers and identify and prioritise changes in product design and development to reflect these

GOVERNANCE

In 2007, we established a social responsibility Steering Group,including senior representatives from key departments within Clarks International, Clarks Companies North America (CCNA), and the Family Shareholder Council The Group has met twice a year since its introduction, and has played a key role in defining the company's social responsibility strategy and activities

Four years is a long time in business, so during 2011 we will review and assess the role of the Steering Group to ensure it remains effective

The day to day management of social responsibility is undertaken by our Responsibility team, who are accountable for establishing our strategy and priorities, managing our risks and measuring, reporting on, and benchmarking our performance

ENVIRONMENTAL IMPACT

It is Clarks' objective to minimise the adverse environmental impacts of the business's activities and promote responsible environmental behaviours amongst our employees

MATERIAL USE

Leather is the most important raw material in the production of our footwear In the leather supply chain, tanning presents a social responsibility risk due to the hazardous materials that can be used to treat, dye and finish the leather As a result, the tanning process needs to be carefully managed to prevent impacts to the environment and the health of tannery workers As part of managing risks in this area we continue to work with the Leather Working Group (LWG), focusing on establishing and promoting robust environmental stewardship practices in tanneries that we use

Clarks also participates in the LWG's activities on hide traceability, with the objective of improving understanding of where purchased leather originates from During 2011, we will continue to work towards our long term goal of ensuring that 100% of the leather used in Clarks' products is sourced from farms that do not contribute to illegal deforestation

Clarks participated in the voluntary Forest Footprint Disclosure Project (FFDP) for the second year in 2010 Participating allows us to better understand the impacts that the leather and timber/paper products we purchase have on forests worldwide and to benchmark our impacts and management of these issues against a range of peer companies

PRODUCT DESIGN

Reducing the impacts of products by incorporating sustainability considerations into the design process is a key challenge for Clarks We are undertaking a project that will, during 2011, define how best to progress with this challenge This work will identify and prioritise change in our future design and development direction – based on the ethical, environmental and sustainability concerns of our consumers

END OF LIFE IMPACT

Clarks continues to support programmes that focus on reducing the end of life impact of footwear Along with other footwear companies and recycling partners we participate in the work of the SMART Centre at Loughborough University, which focuses on developing technology to enable footwear to be broken down to component parts for reuse or recycling

Clarks' consumers are encouraged to deposit old, worn shoes in 'Shoe Biz' collection bins in Clarks stores in the UK and Republic of Ireland These shoes are then exported for resale in developing markets

ENERGY EFFICIENCY, WASTE & RECYCLING

Along with other large organisations, Clarks International is required to report certain emissions data to the Environment Agency in the UK under the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme We fully support the scheme and its aims to improve energy efficiency and reduce the amount of carbon dioxide (CO_2) emitted in the UK

In 2010 we continued the work of the Energy Working Group at our UK Head Office A key activity was an independent survey of the building, focusing on identifying practical solutions to drive improvements in our energy efficiency We are reviewing the survey's results, and will be working to implement its recommendations where practicable during 2011 Next year it is our aim to identify and trial opportunities for achieving reductions in our shops across the UK

We began the rollout of our new shop design in 2010 The environmental impact of the new shop was considered throughout the design and development stages, and an objective of the brief was that the design should be more energy efficient than its predecessor To support this, the new design incorporates changes to the type and number of light fittings used in shops It is too early to measure the impact of these changes on our retail energy use, and we will incorporate this in future reporting, following the full roll out of the new design to all stores

We continue to track CO_2 emissions from our direct use of fuel and electricity purchased from the Grid in the UK For 2010, this totalled approximately 7,000 tonnes of CO_2, a decrease of over 55% from 2009 This reduction reflects the move of a significant proportion of Clarks' UK electricity use to that generated from renewable sources

This year, we are also reporting emissions from electricity and direct fuel use for CCNA's Head Office facility in Boston and Hanover distribution centre, totalling over 3,400 tonnes of CO_2 in 2010

From 2011 onwards we will expand the scope of our CO_2 monitoring to include emissions associated with third party ocean freight transportation for Clarks International

Our Westway distribution centre continues to lead the way on recycling, achieving an average rate of 98% during 2010 Our UK Head Office achieved a recycling rate of over 80% It is our ambition to improve this further by analysing our waste management and identifying opportunities to reduce the overall volume of waste generated, and increase our rate of recycling

Our UK retail stores currently recycle approximately 28% of their waste We are identifying opportunities to improve this at the store level and will report on the changes made in future reporting

This year, we have included waste data for CCNA in the scope of our reporting In 2010, our CCNA Head Office and Hanover distribution centre recycled approximately 62% and 99% of waste respectively with the remainder being disposed of to landfill and incineration

Regularly measuring our environmental impacts is important, and we will be reviewing and revising our Key Performance Indicators (KPIs) in 2011 to ensure that we accurately monitor our performance in key areas on an ongoing basis This review will inform the development of related targets for Clarks' environmental and broader social responsibility performance

EMPLOYMENT AND WORKING CONDITIONS

At Clarks we put people's needs at the centre of all we do We have minimum standards for the treatment of people wherever we operate around the world, and those employed making our product We promote family-friendly working for our employees, and give our people the tools and training to develop their potential to move forward

WELFARE OF THIRD-PARTY WORKERS

We have an established factory audit programme that enables us to review working conditions in factories that we use in high-risk countries (China, Vietnam and Cambodia) and to identify opportunities for improvement

We made improvements to our audit programme during 2010, including increasing its independence by moving the reporting line to our central social responsibility function, establishing a new global Audit Manager role and approving an increase in headcount to boost the programme

We also developed and implemented a revised reporting format to summarise key details and improve clarity, and conducted training on social systems auditing for all members of the audit team

Our aim is to work with suppliers to improve the conditions that they provide for employees, however this can be challenging, especially where our

CORPORATE SOCIAL RESPONSIBILITY SUMMARY CONTINUED

custom is a relatively small proportion of their overall business

To support us in improving conditions, Clarks has collaborated with Ecco, Nike, Adidas, Wolverine, Timberland and Burberry The aim is to carry out joint audits in shared factories where possible – enabling us to have more influence, reducing 'audit fatigue' for factories and allowing us to benefit from the expertise and knowledge of our peers in this area

EMPLOYEE WELFARE & DEVELOPMENT

Clarks continued to embed the personal development review (PDR) process for employees throughout 2010, supporting the development of a culture of personal development for all employees

In 2010, 72% of our eligible UK based employees had an annual personal development review (PDR) It is our aim to continually increase the proportion of employees included in the review process by engaging on the use of performance to inform and drive development, and rolling out e-PDR to international locations

CONSUMER RESPONSIBILITY AND ETHICS

PRODUCT QUALITY

We recognise that significant risks can be presented by any lessening of control in this area, and that consumers consider product quality, durability and value for money as key factors when assessing our ethical reputation Clarks' primary objective is to consistently maintain the quality of – and qualities inherent in – our products globally

During 2010 Clarks made no recalls on products in its ranges, maintaining the company's excellent record in providing safe products for consumers

Product standards and testing procedures in global markets continue to develop, and it is paramount that we remain up to date and aware of the challenges in this area Clarks' Restricted Substances policy was updated in 2010, and as part of its continual review process we will assess how this policy is applied within our supply chain, identifying opportunities for improvement where appropriate

All suppliers of non-resale goods to Clarks International are required to sign up to established Sourcing Principles before commencing work These principles include information on minimum standards for employee working conditions and minimising negative environmental impacts In shops bearing the Clarks name, International Franchise Partners are asked to sign up to fair treatment of all shop employees

EMPLOYEE GUIDANCE & COMPLIANCE

In mid 2010, Clarks International carried out an employee survey that measured how employees feel about working for Clarks The feedback revealed many positive aspects of working for Clarks, in particular, dedication, enthusiasm and pride for the Clarks brand

The survey also revealed opportunities for improvement, including communicating effectively throughout the company, putting the consumer first and simplifying what and how we do things Clarks is committed to working to improve these areas and make Clarks a better place to work

The development of a global Code of Business Ethics supports the findings of the employee engagement survey by providing employees with information on Clarks' values and principles, and guidance to embed positive behaviours and decision making into our operations globally

SOCIAL RESPONSIBILITY COMMUNICATION

It is our ambition to expand our communication of social responsibility issues to employees, both in general and on specific issues where relevant

The development and implementation of our global Code of Business Ethics will support the communication of our ethical position as a business to employees and other stakeholders

This year we developed a British Footwear Association (BFA) module on social responsibility issues in the footwear sector The training will be delivered as part of a wider suite of modules for employees on the BFA's Foundation course and will also be presented as general background on social responsibility for Clarks employees

MULTI-STAKEHOLDER ORGANISATIONS

We carry out an annual review of our Multi-Stakeholder Organisation (MSO) memberships, identifying those that support Clarks social responsibility aims and objectives We continue to be a member of Business for Social Responsibility (BSR), providing us with opportunities to network with a range of peers, and to support the collaborative 'HER' project, promoting women's health in factories In 2010 we joined the Institute of Business Ethics (IBE), which is supporting us in the development of the Code of Business Ethics during 2011

CHARITY AND COMMUNITY
Clarks works to have a positive impact on the community as a whole This is reflected in employee involvement and charitable giving in the communities we are part of

In 2010, the Group made donations of over £415,000 in the form of cash and value of goods donated

This year Clarks continued with a two-level approach to charitable giving, supporting a small number of key causes whose values align with the company's, and also maintaining a large number of small-scale donations

For every pair of shoes collected in Shoe Biz bins in UK and Irish stores, Clarks donates money to UNICEF to help fund children's education projects around the world In 2010 we donated £116,000 to UNICEF, the largest Shoe Biz related donation Clarks has made since its launch in 2007, reflecting the increased awareness of the programme amongst our consumers

During the course of the year Clarks employees continued their enthusiastic work to support fundraising activities giving time and effort for a range of charities including Children in Need

We continued to support Soul of Africa, a charity in South Africa that trains unemployed and unskilled women to hand stitch shoes, throughout 2010/11 Each purchase of a pair of Soul of Africa shoes helps to provide sustainable employment and livelihoods for previously unemployed and untrained women in South Africa All profits made by Soul of Africa are donated towards projects that help disadvantaged children affected by AIDS

In total, Soul of Africa received over £780,000 from Clarks during the year through a combination of the purchase of those products and by the donation of a percentage of the sales in our retail stores in the UK and the USA

LOCAL BUSINESS ENGAGEMENT
During 2010 we re-established a programme of engaging with local businesses in the vicinity of our UK Head Office, allowing us to use the expertise and experience of employees to benefit other local employers This is part of our aim to have a positive impact on the communities that we operate in, and is an area that we will continue to define and develop throughout 2011

CLARKS FAMILY TRUSTS
Various trusts have been established dating back to 1908, with the principal purpose of benefiting current and past employees, their families and the communities in which they live

The Clark Foundation makes mainly capital grants for the benefit of communities in the areas of education, community welfare, recreation and health Organisations including schools, sports clubs hospitals, village halls, children's groups and historic buildings have all been recent recipients The trust also makes overseas grants in countries where a significant number of non employees make Clarks shoes

Other trusts specifically assist employees with grants towards education costs, either for themselves or their children and over 250 grants have been given in the current financial year Trusts also support employees and pensioners in the case of hardship or critical events

In total over £650,000 of grants have been dispensed in the year to 31st January 2011

2011/12 OBJECTIVES
The following areas are of particular importance for the coming year

- Deliver the core responsibilities of the social responsibility team - identifying, measuring, managing, and reporting our risks, activities and performance
- Build capacity in Clarks to ensure that social responsibility is embedded into the business's ambition for the next five years This will include our work on the Code of Business Ethics and reviewing the role of the social responsibility steering group
- Progress our CSR vision in line with our Group strategy, recognising consumer and employee expectations
- Propose a strategy to develop a consistent approach to business engagement, building on the initial activities undertaken in the vicinity of the UK Head Office in 2010

REMUNERATION REPORT

Directors' Emoluments

	Salaries £'000	Salary Supplements £'000	Performance related bonuses £'000	Benefits £'000	Compensation for loss of office £'000	**Total 2011 £'000**	Total 2010 £'000
Executive Directors							
Peter Bolliger (to 31 March 2010)*	107	52	157	–	–	**316**	1,356
Robin Beacham *	387	228	233	10	–	**858**	779
Bob Infantino (to 6 January 2011)	575	–	346	20	1,247	**2,188**	853
Melissa Potter *	520	279	327	1	–	**1,127**	784
Non-Executive Directors							
Peter Davies	168	–	–	–	–	**168**	162
Hugh Clark	43	–	–	–	–	**43**	42
Harriet Hall (to 7 May 2010)	20	–	–	–	–	**20**	63
Thomas O'Neill	37	–	–	–	–	**37**	36
Nigel Hall	46	–	–	–	–	**46**	44
Stanley Kravetz (to 30 April 2010)	9	–	–	–	–	**9**	36
Timothy Campbell (from 6 May 2010)	27	–	–	–	–	**27**	–

Benefits arising from employment by the Company relate mainly to the provision of company cars and life assurance

***Peter Bolliger, Robin Beacham and Melissa Potter's salary supplements compensate for restrictions introduced under the 1989 Finance Act on pensions provided through the Fund, please see page 34**

Long-term Incentive Plans

	Provision brought forward £'000	Provided in the year £'000	Paid in the year £'000	Provision carried forward £'000
Executive Directors				
Peter Bolliger	3,848	–	(3,848)	–
Robin Beacham	2,046	1,483	(1,071)	2,458
Bob Infantino	842	2,665	(389)	3,118
Melissa Potter	2,037	1,481	(1,126)	2,392

REMUNERATION COMMITTEE (THE COMMITTEE)
The Committee comprises all of the Non-Executive Directors and is chaired by Hugh Clark The Committee is responsible for approving an appropriate level of remuneration for the Executive Directors within the principles the Committee has determined The Committee keeps itself fully informed of all relevant developments and best practice in the field of remuneration and seeks advice where appropriate from external advisers and from the HR Director and the Company Secretary

REMUNERATION POLICY
It is the policy of the Committee to consider and approve remuneration packages and other contractual terms that attract, retain and motivate managers of the calibre required to successfully manage an international Group of the size and complexity of C&J Clark Limited In doing so the Committee aims to ensure that such packages are balanced, but not excessive, and that incentive schemes are structured so that they reflect the levels generally paid to such executives

DIRECTORS' REMUNERATION
Emoluments, compensation and long-term incentives in respect of qualifying services of each person who served as a Director during the year are listed in the two tables on page 30

INFORMATION SUBJECT TO AUDIT
The auditors are required to report on the information in the following sections of the report

- Directors' remuneration, including descriptions of the long-term incentives schemes
- Defined benefit pension schemes
- Directors' pension entitlements

THE COMBINED CODE
The Board considers that they have complied with the Combined Code provisions relating to Directors' remuneration and have followed the provisions of Schedule A to the Combined Code

DIRECTORS' SERVICE CONTRACTS
It is the policy of C&J Clark Limited to issue all new Executive Directors with twelve month rolling service contracts There are no provisions in Directors' service contracts for compensation in respect of early termination of a contract There is however, an obligation to pay for any notice period waived by the Company All Executive Directors' service contracts require the Company to give 12 months notice to terminate the contracts until the age of 60, when no notice period is required Dates of service contracts for Directors' who have served during the year as follows

- Peter Bolliger 1st August 1994
- Robin Beacham 1st July 2001
- Bob Infantino 26th October 1992
- Melissa Potter 1st June 1999

SALARIES AND BENEFITS
Salaries and benefits for Executive Directors are reviewed annually and external advice taken as appropriate Directors' remuneration packages are benchmarked against companies of a similar size and complexity

PERFORMANCE RELATED BONUSES
Peter Bolliger participated in the bonus scheme until the date of his retirement An award of 30% of salary was paid pro rated to cover the period of employment during the year

Melissa Potter and Robin Beacham participate in an annual bonus scheme dependent on the financial performance of the Group compared with budget Awards are made on a sliding scale up to 60% of salary, based on footwear profits less 15% notional interest on a notional debt amount of 40% of Group average operating capital For achievement of 90% of budgeted footwear profits less notional interest, a bonus of 15% of salary is payable No bonus is payable if the result is lower The bonus payable increases by 1 percentage point for every additional £735,000 by which the actual result exceeds the minimum performance target For achievement of the budgeted footwear profits less notional interest, a bonus of 30% of salary is payable Thereafter, a 1% increase in bonus award is payable for every additional £552,000 increase in the profit after notional interest up to the maximum 60% of salary at a result 15% above budget The target is derived from the published budget of the Group for the year This method has been in use for fourteen years and was chosen as the most consistent measure of underlying trading growth in the business including the effect of changes in operating capital employed within the Group

CLARKS COMPANIES NORTH AMERICA ANNUAL MANAGEMENT BONUS PROGRAMME
Provision was made for a bonus award to Bob Infantino contingent on the financial performance of Clarks Companies North America compared with budget Awards are made on a sliding scale For the achievement of a minimum performance target, a bonus of 15% of salary is payable No bonus is payable if the result is lower The minimum target is calculated at 90% of targeted trading profits less notional interest on average capital employed Notional interest is calculated at an effective rate of 6% The bonus rate increases anywhere from 10% to 15% for each 10% improvement in actual versus targeted trading profit The maximum bonus rate is 60% of salary payable at a result of 20% above budget The target is derived from the published budget of CCNA for the year

LONG-TERM INCENTIVE PLAN

Peter Bolliger did not participate in the Long-term Incentive Plan due to his retirement during the year Robin Beacham and Melissa Potter are participants in this scheme which provides a benefit of up to a maximum of 3 5 times annual salary dependent on the financial performance of the Group or Clarks International compared with the five year strategic plan, over a three year period Robin Beacham participates in a scheme based on Group profit after tax Melissa Potter participates in a scheme based 25% on Group profit after tax and 75% on Clarks International profits for the three year periods commencing 1st February 2008 and 1st February 2009 and based on Group profit after tax for the three year periods commencing 1st February 2010 onwards Bob Infantino participated in a scheme based 25% on Group profit after tax and 75% on Clarks Companies North America profits, up until the date of his resignation The maximum award is payable if actual profits exceed 120% of strategic plan profits over the three year performance period No award is payable if actual profits are less than 85% of strategic plan profits For profit performance exactly in line with the strategic plan over the performance period, each of the Executive Directors will receive a payment of 1 25 times annual salary

Performance periods, each of a three year duration, have commenced annually on 1st February since 2007 The second performance period came to an end on 31st January 2011 and awards relating to this performance period will be made in March There are three performance periods running concurrently commencing 1st February 2009, 1st February 2010 and 1st February 2011 Due to Bob Infantino's resignation, an alternative arrangement was set up which provides a benefit equal to 27/36 of the total benefit calculated at the balance sheet date for the scheme commencing 1st February 2009 Bob Infantino was not granted a Long-term Incentive Plan for the period commencing 1st February 2010 and as compensation, an alternative arrangement was set up which provides a benefit equal to 15/36 of the total benefit calculated at the balance sheet date for the scheme

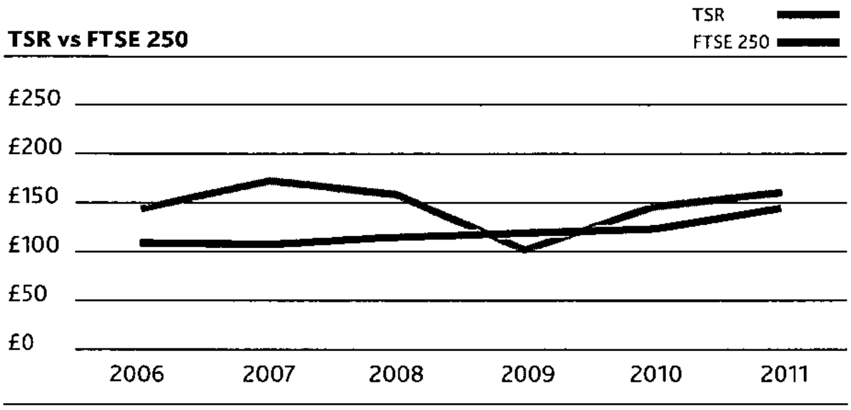
Senior managers and selected managers of Clarks International and Clarks Companies North America are also members of the Clarks International and Clarks Companies North America elements of this scheme which operates in the same way as that of the Executive Directors except that the maximum multiple of salary payable is 2 5 times for senior managers and 1 5 times for managers For profit performance exactly in line with the strategic plan over the performance period, senior managers will receive a payment of 1 0 times annual salary and managers 0 75 times annual salary The sliding scale is adjusted accordingly Performance periods, each of a three year duration, have commenced annually on 1st February since 2007 The second performance period came to an end on 31st January 2011 and awards relating to this scheme will be made in March There are three schemes running concurrently for the three year periods commencing 1st February 2009, 1st February 2010 and 1st February 2011

SHARE INCENTIVE PLAN

During the year the Group operated a Share Incentive Plan Under the plan, eligible employees may save up to 1% of their gross earnings which will be used to purchase ordinary shares in the Company One matching (free) share will be allocated for every partnership share purchased by an employee These shares rank for dividend and are held in trust for a minimum of three years before being transferred to the employee

TOTAL SHAREHOLDER RETURN
Total Shareholder Return (TSR) is a performance measure based on the market value of an investment in shares of a company over a given period, in this case, five years TSR assumes that all dividends are re-invested and any rights issues taken up It is assumed that the buyback proceeds were also re-invested in shares The TSR graph is based on an initial purchase of 100 shares in C&J Clark Limited on 1st February 2006 Comparison shown is against the movements in the FTSE 250 share index as the market capitalisation, based on the share price calculated bi-annually by PricewaterhouseCoopers, would make C&J Clark Limited a FTSE 250 company

TSR vs FTSE 250



The comparison shows C&J Clark Limited underperforms the market trend from 2006 to 2011, with the exception of 2009 The TSR shows steady growth whilst the FTSE 250 shows a marked growth in 2007 followed by decline to 2009, returning to the levels experienced at the beginning of the five year period by 2011 At 31st January 2011 the TSR over the previous five years is less than the return given by the FTSE 250 If £100 had been invested in C&J Clark Limited shares in 2006 it would now be worth £146, whereas the same amount invested in FTSE 250 companies over the same period would now, on average, be worth £160

TSR is a performance measure used predominantly for publicly traded companies and thus may not be an entirely reliable measure for a private company like C&J Clark Limited The external share valuation conducted by PricewaterhouseCoopers assumes a willing buyer and seller, is based on a minimal volume of transactions, and does not fully take account of external market forces

DIRECTORS' PENSION ENTITLEMENTS
Melissa Potter and Robin Beacham participate in the C&J Clark Pension Fund ('the Fund') The Fund is contributory and is governed by an independent trust Their normal retirement age under the scheme is 60 and they accrue retirement benefits at the rate of one fortieth of pensionable pay for each year of pensionable service, subject to certain scheme limits

Early retirement is permitted at the age of 55, subject to an actuarial reduction to the accrued pension of up to 14%

The Fund continues to apply the limits introduced under the 1989 Finance Act

REMUNERATION REPORT
CONTINUED

applicable to members joining HMRC approved schemes on or after 1st June 1989

For death before retirement, a capital sum equal to four times salary is payable A spouse's pension is also payable and this is limited by the HMRC Earnings Cap restriction For death in retirement, a spouse's pension of 50% of the member's pre-commutation pension is payable In the event of death after leaving service but prior to commencement of pension, a spouse's pension of 50% of the accrued preserved pension is payable In all circumstances, children's allowances are also payable up to the age of 18 Substantial protection is also offered in the event of serious ill health Post-retirement pension increases are guaranteed at the rate of price inflation subject to a limit of 8 5% per annum, compound between the date of retirement and each annual pension review

In addition the Group has awarded salary supplements to reflect the restrictions placed on pensions provided through the Fund by the continued application of limits introduced under the 1989 Finance Act

The salary supplements for Melissa Potter and Robin Beacham are included in the Directors' emoluments table on page 30

In 2005, the Committee extended the pension arrangements for Peter Bolliger as follows

- The existing salary supplement was continued past age 60
- The pension benefit from the Fund calculated at age 60 was increased in the usual way to take account of the period during which payment of the benefit was deferred beyond age 60
- In respect of service after age 60, Peter Bolliger was entitled to an additional taxable retirement pension according to an agreed formula with a target of £20,000 per annum in the case of retirement at age 65

Bob Infantino participates in the US defined benefit pension plan, which is non-contributory and based on years of service Normal retirement age under the scheme is 65, with benefits payable at 1% of salary, capped at $245,000 This benefit is reduced for early retirement by 6 67% for each year the pension age is between 60 and 65 A capital sum of one year's salary together with a spouse's pension is payable on death before retirement Post retirement pension increases are discretionary He is also a participant in two defined contribution schemes Contributions to these schemes are designed to compensate for the effect of the salary cap

The assumptions underlying the transfer values are market dependent and therefore change from year to year In addition the transfer values for Melissa Potter and Robin Beacham make some allowance for the change in the basis of indexation in deferment from RPI to CPI

Defined Benefit Pension Schemes

	Age at 31st January 2011	Pensionable service to 31st January 2011	Accrued pension benefit at 1st February 2010	Increase in accrued pension benefits	**Accrued pension benefit at 31st January 2011**	Transfer value at 1st February 2010	**Transfer value at 31st January 2011**	**Directors' contributions for the year to 31st January 2011**	**Increase/ (decrease) in transfer value less directors' contributions**
	Years	Years	£'000	£'000	**£'000**	£'000	**£'000**	**£'000**	**£'000**
Peter Bolliger**	66	15	58	1	**59**	1,071	**1,093**	**–**	**22**
Robin Beacham*	51	21	81	1	**82**	1,327	**1,244**	**10**	**(93)**
Bob Infantino	61	18	37	4	**41**	326	**389**	**–**	**33**
Melissa Potter*	43	11	82	–	**82**	1,016	**890**	**10**	**(136)**

*Individuals' benefits under the Group's UK Pension Fund are subject to an Earnings Cap (£123,600 at 31st January 2011)
**Peter Bolliger left pensionable service during the year

MONEY PURCHASE PENSION SCHEMES

The Group made the following contributions to money purchase schemes during the year

Money Purchase Pension Schemes

	2011	2010
	£'000	£'000
Bob Infantino	**101**	78

NON-EXECUTIVE DIRECTORS

The remuneration of the Chairman is determined by the Committee The Executive Directors determine remuneration of the other Non-Executive Directors of the Company Remuneration consists of fees for their services in connection with Board and Board committee meetings They do not have contracts of service and must retire after nine years' service or such other period as the Company agrees by special resolution They are not eligible for pension scheme membership They do not participate in the Group's bonus scheme or other incentive schemes

This report will be laid before the shareholders for approval at the Annual General Meeting to be held on 6th May 2011

On behalf of the Board

HUGH CLARK
Chair of the Remuneration Committee

23rd March 2011

THE APPROPRIATE CHANNELS

From search engine optimisation and multi-variant-testing to a Facebook widget based campaign, the language of multi-channel retailing may be full of unfamiliar buzzwords and jargon

But its impact on Clarks' core business is clear

In 2010 alone MCR recorded sales of £32 2 million That's an increase of 56% year on year Traffic to our website - clarks co uk - has increased by 67% And research confirms the way people view Clarks and feel about us a brand has improved too - 95% of customers who have ordered from us say they would recommend us to a friend

Key to our success are a great many initiatives that were launched as the year progressed We introduced a next day and a Saturday home delivery service We enhanced in-store ordering and receiving We rebuilt and redesigned product and checkout pages We added catwalk videos to focus product pages and screened our latest TV ads From a new feedback tool - accessible on every page - to a highly successful affiliate programme and our first ever display campaigns, throughout 2010 developments in MCR were as impressive as they were effective

As 2011 unfolds our commitment is to maintaining the momentum In the US, clarksusa com launched and sales have already exceeded expectations In Europe no less than five new transactional websites will give millions of customers the facility to shop online for the world's number one name in everyday footwear In the UK, we're debuting a 'click to chat' service to make communications with our customers even better And we're planning a new on-site community area We'll also be unveiling a mobile phone version of our website, as well as the trial of in-store touch screens to improve access to the full Clarks' range in our smallest stores

Passionate about keeping the customer satisfied, we listen, we learn, we respond and in the fast-moving world of multi-channel retailing we're proud to be setting the pace

THE BOARD

BOARD OF DIRECTORS

MELISSA POTTER joined the Group as a graduate in 1988 and carried out various management roles before becoming Managing Director of the UK Division in 2002 She was appointed to the Board as Managing Director, Clarks International on 21st June 2006 and was appointed Chief Executive on 1st April 2010

PETER DAVIES was appointed a Non-Executive Director on 1st September 2005 and became Non-Executive Chairman on 5th May 2006 He has more than 20 years' experience in UK and International retail, most recently as Chief Executive of Rubicon Retail Ltd Whilst Clarks is his main role, Peter is also Non-Executive Chairman of Whistles Holdings Ltd, a Non-Executive Director of First Friday Ltd and Chairman of Mint Velvet LLP

ROBIN BEACHAM joined the Group in 1990 from Arthur Andersen and carried out a number of financial management roles before becoming Financial Controller in 1996 He was appointed to the Board as Finance Director on 28th June 2001

JUDITH DERBYSHIRE joined the Group in 1989 A solicitor, she was appointed as Company Secretary in 1991

THOMAS J O'NEILL was appointed to the Board as an independent Non-Executive Director on 10th May 2004 He has more than 25 years' experience in international retailing and brand management, most recently as Chief Executive and Director of Harry Winston, Inc where he also concurrently held the position of President and Director of Harry Winston Diamond Corporation Prior to Harry Winston, he was Worldwide President of Burberry, Divisional President and Chief Executive at LVMH and, Executive Vice-President of Tiffany & Company

TIMOTHY CAMPBELL was appointed as a Non-Executive Director on 6th May 2010 He was a member of the Family Shareholder council from 2007 until joining the Board He is Director of the India office for U S based venture capital fund Richmond Global, where he focuses on emerging technologies in developing markets

HUGH CLARK was appointed as a Non-Executive Director on 9th May 2005 He was a member of the Family Shareholder Council from its inception in 1993 until joining the Board He joined Clarks as a graduate in 1985 and spent eleven years in the business before joining Rohan in 1996 He became a Director in 1997 and was Managing Director of Rohan from 2001 until 2007 and is currently a Director of Quba Clothing

NIGEL HALL was appointed as an independent Non-Executive Director on 1st March 2006 and is Chairman of the Audit Committee and of the Share Valuation Committee of the Board Nigel is a chartered accountant who qualified with Price Waterhouse before joining the fashion retailer The Burton Group plc (renamed Arcadia Group plc in 1998) where he served as Finance Director from 1997 until 2003 Nigel is also the Non-Executive Chairman of Countrywide Farmers plc and a Non-Executive Director of Unite Group plc and Pinewood Shepperton plc

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31st January 2011

BUSINESS REVIEW
The principal activities of the Company and its related subsidiaries are worldwide shoe retailing and wholesaling, and related trades Further details of the operations and the trading results are set out on pages 8 to 19 The profit after tax of the Group for the year was £77 1m A list of the major overseas subsidiaries of the Company may be found on page 70

A review of the Group's performance during the year, expected future developments and principal risks and uncertainties facing the Group are contained in the Chairman's Statement, the Chief Executive's Report and the Financial Review The headings below, as required by a business review, are cross-referred to these statements

- Scene setting
  Chief Executive's Report pages 10 to 15
- Objectives of the Group
  Chief Executive's Report pages 10 to 15
- Strategy
  Chief Executive's Report pages 11 to 15
- Risks and uncertainties
  Chief Executive's Report pages 14 to 15
- Measurement
  Chief Executive's Report pages 10 to 15
- Performance
  Chief Executive's Report pages 10 to 15
- Forward looking
  Chief Executive's Report pages 14 to 15

DIRECTORS
The current Directors of the Group are listed on pages 38 and 39

Peter Bolliger retired as an executive director on 31st March 2010 and Bob Infantino resigned as an executive director on 6th January 2011 Stanley Kravetz retired as a non-executive director on 30th April 2010 and Harriet Hall retired as a non-executive director on 7th May 2010

Timothy Campbell was appointed as a Non-Executive Director on 6th May 2010

In accordance with the Company's Memorandum and Articles, Peter Davies and Hugh Clark retire by rotation at the forthcoming Annual General Meeting Both seek re-election Details of the Directors' service contracts are given in the Remuneration Report on pages 30 to 35

SHARE REGISTER
As at 31 January 2011 the composition of the share register of C&J Clark Limited was

Family	84 2%
Institutions	3 5%
Share Schemes	0 9%
Trusts associated with C&J Clark Limited	4 1%
Employees	7 3%
Total	**100%**

SHARE BUYBACK
On 9th July 2010 the Company repurchased 228,450 £1 ordinary shares at a price of £6 80 per share These shares represented 0 38% of the issued share capital at that date and the total cost to the business of the transaction was £1 6m The repurchased shares were subsequently cancelled

FIXED ASSETS
In the opinion of the Directors, the market value of land, on an existing use basis, is not significantly different to book value

EMPLOYEES
The Board believes that the principle of equality of treatment and opportunity is of fundamental importance Its long held aim is to provide just and fair treatment for all employees In accordance with this policy, the only personal attributes which will be taken into account in making decisions about employees are those which relate directly to actual or potential performance Throughout the Group, procedures for consultation with, and the involvement of, employees are in operation, as appropriate to the circumstances of the individual businesses Information on matters of concern to employees is given through a variety of presentations, briefings, bulletins and reports

THE ENVIRONMENT
The Group recognises that care and concern for the environment and the community are a fundamental part of the Group's strategy It is the Group's intention to strive continuously to minimise any adverse environmental impact of business activities, to comply with all relevant environmental legislation and to promote a caring attitude to the environment amongst its employees A statement of commitment from the Group in its environmental policy is shown on pages 26 to 29

DIRECTORS' INTERESTS
The interests of the Directors in the share capital of the Company are shown in the table on page 41 A list of transactions with related parties is given in note 24 to the financial statements There were no changes in Directors' share interests between the end of the year and 12th March 2011 (being one month before the date of the notice of the Annual General Meeting)

DONATIONS
Donations for charitable purposes made by the Group during the year amounted to £0 4m (2010 £0 8m) No donations were made for political purposes

CREDITOR PAYMENT POLICY
The Group's policy is to use standard payment terms, payment being at the end of the month following the invoice date, except for goods for resale which are generally 30 days For all trade creditors it is the Group's policy to

- Settle terms of payment with suppliers
- Ensure that suppliers are aware of the terms of payment
- Make every effort to meet agreed payment dates provided that the agreed terms and conditions have been met by the suppliers

CORPORATE GOVERNANCE
The Group remains committed to the highest standards of corporate governance A report is set out on pages 22 to 24

GOING CONCERN
After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

DIRECTORS' RESPONSIBILITIES
So far as the Directors are aware, there is no relevant audit information (information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information

AUDITORS
In accordance with Section 485 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore remain in office

By Order of the Board

JUDITH DERBYSHIRE
Company Secretary

23rd March 2011

Directors' Interests

	Ordinary Shares*	At 31st January 2011 Executive Share Trust**	Ordinary* Shares	At 31st January 2010 Executive Share Trust**
Robin Beacham	**1,026**	–	1,026	–
Melissa Potter	**2,093**	–	2,093	–
Peter Davies	**3,500**	–	3,500	–
Hugh Clark	**323,172**	–	323,172	–
Thomas O'Neill	–	–	–	–
Nigel Hall	**3,000**	–	3,000	–
Timothy Campbell	**812,838**	–	–	–

*The shareholdings shown do not, in every case, represent the beneficial interests held

** The Executive Directors, as potential beneficiaries under the Company's share schemes, are deemed to be interested in unallocated C&J Clark Limited ordinary shares held by the C&J Clark Executive Share Trust These do not represent beneficial interests At 31st January 2011 there were no shares held by the Trust (2010 - nil)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice)

The Group and Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period

In preparing these 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 applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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 Company and to prevent and detect fraud and other irregularities

The Directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Section 421 to the Companies Act 2006, as if those requirements were to apply to the Company The Directors have also decided to prepare voluntarily a Corporate Governance statement as if the Company were required to comply with the Listing Rules of the Financial Services Authority in relation to those matters

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of C&J Clark Limited for the year ended 31 January 2011 set out on pages 46 to 70 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the Directors have decided to prepare (in addition to that required to be prepared) as if the Company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No 410)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the separate opinion in relation to the Directors' Remuneration Report, on terms that have been agreed Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and, in respect of the separate opinion in relation to the Directors' Remuneration Report, those matters that we have agreed to state to them in our report, and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- Give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2011 and of the group's profit for the year then ended
- Have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006 AND UNDER THE TERMS OF OUR ENGAGEMENT

In our opinion

- The part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as if those regulations were to apply to the company
- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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

A C Campbell

A.C CAMPBELL-ORDE
(SENIOR STATUTORY AUDITOR)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Bristol

23rd March 2011

BOXING CLEVER

Clarks' commitment to quality is one of the things that has helped us become the world's number one name in everyday footwear But it's not only our customers on the high street who expect nothing but the best from us So too do our international retailers and wholesalers And their expectations include the highest possible quality when it comes to deliveries

A giant step towards ensuring our distribution standards met demand was the opening of Westway, our 28,000sq m facility with the capacity to despatch an unprecedented 200,000 pairs of shoes and boots a day But with increased volume came increased pressure on packaging We tried supplementing our traditional cartons with shrink-wrapping A faster and less labour intensive process, it enabled us to keep up with demand However, feedback from the markets suggested we could improve on the quality of deliveries

A solution had to be found

So we sat down with industry experts, Knapp Logistic Gmbh, and set to work Our answer was a high tech, high spec combination of humanpower, machinery and conveyors It handles the entire bulk packaging process, from carton erection and order sorting to documentation insertion, weighing, measuring, sealing with tamper proof lids, consolidating and despatch

A major but essential undertaking, the new system was delivered on time and on budget An investment of £2 5 million saw 12 truckloads of machinery and conveyors delivered and installed at the Westway distribution centre In the first two months of operation more than 1 2 million pairs of shoes were processed Most importantly perhaps, the presentation and quality of our worldwide deliveries now match Clarks' reputation for excellence in every other area of footwear design and manufacture Not to mention our ambition to continue growing

FINANCIAL STATEMENTS

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JANUARY 2011

	Notes	Before exceptional items 2011 £m	Exceptional items 2011 £m	Total 2011 £m	Before exceptional items 2010 £m	Exceptional items 2010 £m	Total 2010 £m
Turnover		**1,281.3**	–	**1,281.3**	1,173 5	–	1,173 5
Less Joint Venture		–	–	–	–	–	–
Group Turnover	1(b)	**1,281 3**	–	**1,281.3**	1,173 5	–	1,173 5
Costs less other income	2(a)	**(1,153.9)**	–	**(1,153.9)**	(1,064 0)	(3 3)	(1,067 3)
		127 4	–	**127.4**	109 5	(3 3)	106 2
Long-term incentive schemes	2(a)	**(16 5)**	–	**(16.5)**	(12 1)	–	(12 1)
Group Operating profit/(loss)	2(a)	**110.9**	–	**110.9**	97 4	(3 3)	94 1
Share of Operating Loss in Joint Venture	2(g)	**(0.1)**	–	**(0.1)**	–	–	–
Profit on disposal of fixed assets	3(a)	–	**3.9**	**3.9**	–	0 9	0 9
Profit on disposal of land held for resale	3(b)	–	**1.2**	**1.2**	–	3 9	3 9
Profit before interest		**110.8**	**5 1**	**115.9**	97 4	1 5	98 9
Other net finance costs	4	**(7 2)**	–	**(7.2)**	(13 8)	–	(13 8)
Profit before taxation		**103 6**	**5 1**	**108 7**	83 6	1 5	85 1
Taxation	5	**(30 8)**	**(0.8)**	**(31.6)**	(24 8)	0 5	(24 3)
Profit for the financial year		**72.8**	**4.3**	**77.1**	58 8	2 0	60 8
Earnings per ordinary share	7	**121 1p**	**8 5p**	**129.6p**	98 3p	3 3p	101 6p

The notes on pages 50 to 70 form part of these financial statements

BALANCE SHEETS

AS AT 31ST JANUARY 2011

		Notes	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Fixed assets						
Intangible assets		8	**0.5**	0 6	–	–
Tangible assets		9(a)	**196 7**	186 9	–	–
Investments						
Joint Ventures	– Share of Gross Assets		**0 5**	–	–	–
	– Share of Gross Liabilities		**(0 3)**	–	–	–
	– Net Investment		**0.2**	–	–	–
Other		10	**2.9**	2 4	**78.3**	78 0
			200 3	189 9	**78.3**	78 0
Current assets						
Land held for resale		11	–	1 3	–	–
Stock		12	**323.5**	231 6	–	–
Debtors		13	**149 5**	127 2	**243.3**	195 0
Cash at bank and in hand			**105 8**	123 4	**30 9**	50 3
			578.8	483 5	**274.2**	245 3
Creditors - amounts falling due within one year		14	**(251 3)**	(210 1)	**(221.0)**	(233 7)
Net current assets			**327.5**	273 4	**53.2**	11 6
Total assets less current liabilities			**527.8**	463 3	**131.5**	89 6
Creditors - amounts falling due after more than one year		15	**(44 0)**	(11 0)	**(31 6)**	–
Provisions for liabilities and charges		16	**(28.7)**	(29 6)	–	–
Net assets excluding pension liability			**455.1**	422 7	**99.9**	89 6
Pension liability		22	**(88 2)**	(100 2)	–	–
Net assets including pension liability			**366 9**	322 5	**99.9**	89 6
Capital and reserves						
Called-up share capital		18	**59 4**	59 6	**59 4**	59 6
Share premium account		19	**0 4**	0 4	**0 4**	0 4
Capital redemption reserve		19	**18.1**	17 9	**18.1**	17 9
Merger reserve		19	**15.1**	15 1	–	–
Profit and loss account		19	**273 9**	229 5	**22 0**	11 7
Equity shareholders' funds			**366 9**	322 5	**99.9**	89 6

The notes on pages 50 to 70 form part of these financial statements

The financial statements of C& J Clark Limited, registered number 3314066, were approved by the Board of Directors and signed on their behalf on 23rd March 2011

Peter Davies

Robin Beacham

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST JANUARY 2011

	Notes	2011 £m	2010 £m
Cash flow from operating activities	25	**40.3**	171 2
Returns on investments and servicing of finance	26(a)	**(0.4)**	(1 9)
Taxation		**(32 9)**	(20 4)
Capital expenditure and financial investment	26(b)	**(41.4)**	(19 6)
		(34.4)	129 3
Equity dividends paid		**(23.8)**	(16 5)
Net cash (outflow)/inflow before financing		**(58 2)**	112 8
Financing	26(c)	**40.0**	(64 0)
(Decrease)/increase in cash in the year		**(18.2)**	48 8

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET BORROWINGS

FOR THE YEAR ENDED 31ST JANUARY 2011

	Notes	2011 £m	2010 £m
(Decrease)/increase in cash in the year		**(18.2)**	48 8
Cash flow from (increase)/decrease in debt	26(c)	**(41.6)**	60 1
Change in net borrowings resulting from cash flows		**(59 8)**	108 9
Currency translation adjustments		**1.0**	(2 0)
(Increase)/decrease in net borrowings in the year		**(58 8)**	106 9
Opening net cash/(borrowings)		**77.4**	(29 5)
Closing net cash	27	**18.6**	77 4

The notes on pages 50 to 70 form part of these financial statements

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST JANUARY 2011

	Notes	2011 £m	2010 £m
Profit for the financial year		**77.1**	60 8
Currency translation adjustments		**(2.0)**	(12 5)
Actuarial (loss)/gain on pension schemes (net of deferred taxation)		**(5 5)**	5 9
Corporation tax credit arising on pension contributions in excess of current year pension charge		**(7.7)**	(3 0)
Related deferred tax charge on pension contributions in excess of current year pension charge		**7.7**	3 0
Total recognised gains and losses arising during the financial period		**69.6**	54 2

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31ST JANUARY 2011

	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Total recognised gains and losses arising during the financial year	**69.6**	54 2	**35.5**	(3 7)
Dividends paid	**(23.8)**	(16 5)	**(23.8)**	(16 5)
Share-based payment	**0 2**	0 2	**0 2**	0 2
Share buyback	**(1.6)**	(3 9)	**(1.6)**	(3 9)
Net increase/(decrease) in equity shareholders' funds during the financial period	**44 4**	34 0	**10.3**	(23 9)
Opening equity shareholders' funds	**322 5**	288 5	**89.6**	113 5
Closing equity shareholders' funds	**366.9**	322 5	**99 9**	89 6

GROUP NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31ST JANUARY 2011

	Notes	2011 £m	2010 £m
Profit on ordinary activities before taxation		**108.7**	85 1
Difference between historical cost depreciation charge and actual depreciation charge for the year		–	–
Historical cost profit on ordinary activities before taxation		**108 7**	85 1
Historical cost profit for the year retained after taxation		**77 1**	60 8

The notes on pages 50 to 70 form part of these financial statements

ACCOUNTING POLICIES

BASIS OF PREPARATION
The financial statements have been prepared under the historical cost convention as modified to include the revaluation of freehold and long leasehold land and buildings and in accordance with applicable accounting standards

The financial statements for the Company and all material subsidiaries are drawn up to the nearest Saturday to the 31st January, in line with retail industry practice The year to 31st January 2011 comprises 52 weeks (2010 – 52 weeks)

These financial statements have been prepared under the going concern basis as discussed in the Directors' Report

The following accounting policies have been applied consistently throughout the year There have been no changes in accounting policies since last year

BASIS OF CONSOLIDATION
The Group financial statements comprise a consolidation of the financial statements of the Parent Company and all of its subsidiaries, together with the Group's share of the results of its joint ventures The principal subsidiaries are listed on page 70

INVESTMENTS IN SUBSIDIARY COMPANIES
Investments in subsidiary companies are stated at cost less provisions for any impairment in value

JOINT VENTURES
A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control The Group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet

REVENUE RECOGNITION
Sales during the normal course of business are recognised on legal transfer of title, and are accounted for net of sales discounts, sales taxes and returned goods

Profits on sales of property are recognised on completion, unless the exchange of contracts is unconditional in which case the profit is recognised at that stage Rental income is accounted for on a receivable basis

FOREIGN CURRENCY TRANSLATION
Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Profit and losses of overseas subsidiaries are translated into sterling at average rates of exchange

Exchange differences arising on the retranslation of the opening net assets of overseas subsidiaries, less exchange differences arising on related foreign currency borrowings, are taken to reserves and disclosed in the Group Statement of Total Recognised Gains and Losses on page 49, together with any related tax charges or credits All other exchange differences are recognised in the Profit and Loss Account

FINANCIAL INSTRUMENTS
The Group uses financial instruments to manage its exposure to fluctuations in foreign currency exchange rates Currently the only instruments used are forward currency contracts and currency option contracts Gains and losses on forward contracts and options, entered into as hedges of future purchases and sales denominated in foreign currency, are carried forward and taken to the Profit and Loss Account on maturity to match the underlying transactions The Group has taken advantage of the exemption available for short-term debtors and creditors

FIXED ASSETS AND DEPRECIATION
Depreciation is provided on all tangible fixed assets, excepting freehold land and assets in the course of construction, in order to write off the original cost, less estimated residual value, evenly over the average expected useful life of the asset as follows

Freehold and long leasehold buildings	50 years
Short leasehold property	lower of 14 years or the life of the lease or the period to the first rent review
Plant, machinery and fixtures	3 - 20 years
Motor vehicles	3 - 5 years
Computer hardware	3 - 10 years

CAPITALISATION OF SOFTWARE COSTS
Software costs are capitalised and amortised over three to ten years Where appropriate these costs include elements of fees paid to external consultants

LEASED ASSETS
Fixed assets held under finance leases have been capitalised and depreciated over their expected useful lives The related lease obligations have been included in creditors The finance charges have been charged to the Profit and Loss Account over the primary period of the lease Operating lease rentals have been charged to the Profit and Loss Account as incurred

INTANGIBLE FIXED ASSETS
Trademarks are stated at purchase cost and amortised over a period of 20 years

When a franchisee enters into an agreement with the Group to operate an international franchise store, under the terms of the agreement the Group may pay the franchisee a contribution as consideration for agreeing to the terms of the agreement in respect of the opening and operation of the store, including a minimum purchasing requirement This contribution is capitalised as a franchise licence and the cost is amortised over the length of the agreement which is 5 years

LEASE INCENTIVES
Where the Group receives an incentive to take on a property lease by way of a capital contribution or a discounted or free rental period, the benefit is spread over the earlier of the period to the first rent review or to the end of the lease as a reduction in rental costs

RESEARCH AND DEVELOPMENT
All expenditure on research and development is written off in the year in which it is incurred

STOCK
Stock has been stated at the lower of cost and net realisable value

LAND HELD FOR RESALE
Land held for resale represents the cost of land at Houndwood The Group made a decision to control the design and development of the Houndwood site for sustainable residential housing and as such incurred general site infrastructure expenditure, undertook design work and packaged the land for sale to third party developers in phases The asset was treated as a current asset held for resale The final parcel of land was sold during the year

DEFERRED TAXATION
Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation Deferred tax is not recognised on permanent differences such as revaluation gains, gains rolled over into new assets, and unremitted overseas earnings

PENSION COSTS
The cost of providing pension benefits has been charged to the Profit and Loss Account in accordance with the requirements of FRS 17 'Retirement Benefits'

SHARE-BASED PAYMENTS
The Group operates an All Employee Share Incentive Plan (SIP) Under the scheme employees are given a free matching share for each partnership share purchased at market value This has been accounted for under FRS 20 Share-based payments Under the standard the matching shares qualify as equity-settled share-based payments to be recognised at fair value at the date of grant Effectively the fair value of a matching share is the cost of the partnership share The cost of the share-based payments must be spread over the period until the shares are owned by the employee (the vesting period) The vesting period for the matching shares is four years This has resulted in a current year charge of £0 2m (2010 - £0 2m)

COMPANY PROFIT AND LOSS ACCOUNT
In accordance with Section 408 of the Companies Act 2006, a separate Profit and Loss Account has not been published for the Company

NOTES TO THE FINANCIAL STATEMENTS

In these notes to the financial statements, the headings '2011' refer to the year ended 31st January 2011 or the balance sheet as at 31st January 2011 and the headings '2010' refer to the year ended 31st January 2010 or the balance sheet as at 31st January 2010

1. ANALYSIS OF TURNOVER, PROFIT AND CAPITAL EMPLOYED

The turnover and profits of the Group derive from its activities in the shoe trade

a) Analysis of profit/(loss) by geographical area of origin

	Profit before exceptional items 2011 £m	**Exceptional items 2011 £m**	**Profit before interest and taxation 2011 £m**	Profit before exceptional items 2010 £m	Exceptional items 2010 £m	Profit before interest and taxation 2010 £m
UK	**78 4**	**5.1**	**83 5**	75 7	4 8	80 5
North America	**28 7**	**–**	**28.7**	17 0	(3 3)	13 7
Europe	**(0 3)**	**–**	**(0.3)**	1 2	–	1 2
Rest of the World	**4.1**	**–**	**4.1**	3 5	–	3 5
Group	**110 9**	**5.1**	**116 0**	97 4	1 5	98 9
Share of Joint Venture						
Rest of the World	**(0 1)**	**–**	**(0 1)**	–	–	–
	110 8	**5.1**	**115 9**	97 4	1 5	98 9

b) Analysis of turnover and capital employed

	Turnover by geographical area of origin 2011 £m	Turnover by geographical area of origin 2010 £m	**Turnover by ultimate geographical market 2011 £m**	Turnover by ultimate geographical market 2010 £m	**Capital employed by geographical area 2011 £m**	Capital employed by geographical arean 2010 £m
UK	**708.3**	691 2	**582 3**	591 1	**281 0**	237 4
North America	**475 3**	391 4	**481.3**	396 5	**142.2**	106 4
Europe	**61 5**	57 5	**148 4**	120 6	**15 3**	12 7
Rest of the World	**36.2**	33 4	**69 3**	65 3	**4.2**	3 6
Total footwear	**1,281 3**	1,173 5	**1,281.3**	1,173 5	**442 7**	360 1
Unallocated items	**–**	–	**–**	–	**(3 4)**	(7 0)
Group	**1,281 3**	1,173 5	**1,281 3**	1,173 5	**439 3**	353 1
Share of Joint Venture						
Rest of the World	**–**	–	**–**	–	**–**	–
	1,281 3	1,173 5	**1,281 3**	1,173 5	**439.3**	353 1

c) Reconciliation of capital employed and net assets

	2011 £m	2010 £m
Capital employed - (see note 1(b))	**439.3**	353 1
Net cash - (see note 27)	**18.6**	77 4
Deferred taxation - (see note 17)	**(2.8)**	(7 8)
Pension liability - (see note 22)	**(88.2)**	(100 2)
Net assets	**366.9**	322 5

2. OPERATING PROFIT AND COSTS

a) Costs less other income

	Before exceptional items 2011	Exceptional items 2011	Total 2011	Before exceptional items 2010	Exceptional items 2010	Total 2010
	£m	**£m**	**£m**	£m	£m	£m
Turnover	**1,281 3**	**–**	**1,281.3**	1,173 5	–	1,173 5
Cost of sales	**(641 4)**	**–**	**(641 4)**	(603 5)	–	(603 5)
Gross profit	**639 9**	**–**	**639 9**	570 0	–	570 0
Distribution costs	**(321.9)**	**–**	**(321 9)**	(298 3)	–	(298 3)
Administrative costs	**(207.1)**	**–**	**(207.1)**	(174 3)	(3 3)	(177 6)
Operating profit	**110 9**	**–**	**110 9**	97 4	(3 3)	94 1

Administrative expenses include the cost of long-term incentive schemes as follows

	2011	2010
	£m	£m
Long-term Incentive Plan	**5.0**	11 0
Clarks Companies North America Incentive Plan	**11.5**	1 1
	16.5	12 1

These schemes are detailed in the Remuneration Report on pages 30 to 35

b) Exceptional items charged in arriving at operating profit are

	Cost of sales	Distribution costs	Administrative expenses	Total 2011	2010
	£m	£m	£m	**£m**	£m
Costs of voluntary severance programme in North America	–	–	–	**–**	(3 3)
	–	–	–	**–**	(3 3)

c) Other costs charged in arriving at operating profit include

	2011	2010
	£m	£m
Depreciation and impairments of owned assets	**27 8**	27 5
Auditor's remuneration		
Audit of these financial statements	**0.5**	0 5
Amounts receivable by auditors in respect of		
Other services relating to taxation	**0 2**	0 1
Other services	**0.1**	0 2
Operating lease rentals		
Land and buildings	**89.1**	88 1
Plant and equipment	**1.8**	2 0
Operating lease rental income		
Land and buildings	**(5.2)**	(5 9)
Share-based payment		
Equity-settled	**0.2**	0 1

Parent Company audit fees were £nil (2010 - £nil)

2. OPERATING PROFIT AND COSTS continued

d) Average number of full-time and part-time employees

	2011 Number	2010 Number
Sales and distribution	**12,405**	12,122
Administration	**1,307**	1,242
	13,712	13,364

The average number of employees has been calculated on a monthly weighted average The total number of employees at the year-end was 14,520 (2010 - 13,426)

e) Employment costs in respect of the foregoing

	2011 £m	2010 £m
Wages and salaries	**197.3**	190 8
Social security costs	**22 0**	19 4
Pension current service cost - defined benefit scheme (see note 22)	**9.6**	6 8
Pension contributions - defined contribution scheme (see note 22)	**1 3**	0 5
Long-term incentive schemes - (see note 2(a))	**16 5**	12 1
	246.7	229 6

f) Aggregate emoluments of the Directors

	2011 £m	2010 £m
Non-Executive Directors' fees and benefits	**0 4**	0 4
Executive Directors' services		
Salaries and benefits*	**4 5**	3 8
Long-term incentives	**5.6**	5 9
	10.5	10 1
Pension contributions - money purchase pension schemes	**0 1**	0 1
	10 6	10 2

More detailed information concerning Directors' share entitlements and emoluments, including long-term incentive schemes, is shown in the Remuneration Report on pages 30 to 35

*Salaries and benefits for the year include £1 2m for compensation of loss of office in respect of Bob Infantino, as shown in the Remuneration Report on page 30

g) Share of Operating Loss in Joint Venture

	2011 £m	2010 £m
Share of Operating Loss of Indian Joint Venture, Clarks Future Footwear Limited	**(0 1)**	–
	(0 1)	–

3. EXCEPTIONAL ITEMS

a) Profit on disposal of fixed assets

	2011	2010
	£m	£m
Property disposals surplus over net book value	**3 9**	0 9

b) Profit on disposal of land held for resale

	2011	2010
	£m	£m
Disposal profit on sale of Houndwood land	**1 2**	3 9

4. OTHER NET FINANCE COSTS

	2011	2010
	£m	£m
Interest payable on bank loans and overdrafts	**1 0**	2 2
Interest receivable	**(0 4)**	(0 2)
Net interest cost on assets and liabilities of pension scheme (see note 22)	**6.6**	11 8
Group	**7 2**	13 8
Joint Venture	**–**	–
	7.2	13 8

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in the year

	2011 £m	2010 £m
Current taxation		
UK taxation		
UK corporation tax at 28 0% (2010 - 28 0%)	**15.3**	18 0
Adjustments in respect of prior years	**0 1**	0 2
Total UK taxation	**15.4**	18 2
Overseas taxation		
Current taxation on income for the year	**13.9**	6 2
Adjustments in respect of prior years	**0 1**	0 1
Joint Venture	**–**	–
Total overseas taxation	**14.0**	6 3
Tax credit on pension contributions recognised in reserves	**7 7**	3 0
Total current taxation	**37.1**	27 5
Movement in deferred taxation		
Other origination and reversal of timing differences (see note 17)	**(5.5)**	(3 2)
Total deferred taxation	**(5.5)**	(3 2)
Taxation on profit on ordinary activities	**31 6**	24 3

b) Factors affecting tax charge

The taxation assessed for the year is higher than the standard rate of corporation tax in the UK which is 28 0% (2010 - 28 0%)

The differences are explained below

	2011 £m	2010 £m
Profit on ordinary activities before taxation	**108.7**	85 1
At standard rate of corporation tax in the UK	**30.4**	23 8
Higher taxation rates on overseas earnings	**2.2**	0 7
Depreciation on items not qualifying for capital allowances	**0.7**	0 8
Profit on disposal of assets not qualifying for capital allowances	**0.2**	–
Overseas taxation losses	**(0 9)**	(0 7)
Adjustments in respect of prior years	**0 3**	0 7
Other	**(1.3)**	(1 0)
	31.6	24 3
Movement in deferred taxation	**5 5**	3 2
Total current taxation (see note 5 (a))	**37.1**	27 5

6. DIVIDENDS PAID

	2011 £m	2010 £m
Equity dividends paid in the year		
Final ordinary share dividend for the year ended 31st January 2010 of 20 0p (2009 - 19 5p)	**11 9**	11 7
Special ordinary share dividend for the year ended 31st January 2010 of 10 0p (2009 - nil)	**5 9**	–
Interim ordinary share dividend for the year ended 31st January 2011 of 10 0p (2010 - 8 0p)	**6 0**	4 8
	23.8	16 5

The final ordinary share dividend proposed for the year ended 31st January 2011 is 26 5p per share (2010 - 20 0p)

7. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share have been calculated by dividing the profit after taxation of £771m (2010 - £60 8m) by the weighted average number of ordinary shares in issue during the year of 59,462,198 (2010 - 59,846,283)

8. FIXED ASSETS - INTANGIBLE ASSETS

	Trademark £m	Total £m
Cost or valuation		
At 1st February 2010	0 6	0 6
Capital expenditure	–	–
At 31st January 2011	**0.6**	**0 6**
Amortisation		
At 1st February 2010	–	–
Charge for the year	0 1	0 1
At 31st January 2011	**0 1**	**0 1**
Net book value		
At 31st January 2011	**0.5**	**0.5**
At 1st February 2010	0 6	0 6

The trademark relates to the Clarks brand name in Brazil

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

9. FIXED ASSETS - TANGIBLE ASSETS

a) Summary

	Land and buildings Freehold £m	Land and buildings Long leasehold £m	Land and buildings Short leasehold £m	Plant and equipment £m	Total £m
Cost or valuation					
At 1st February 2010	54 5	0 8	39 7	269 1	364 1
Exchange rate adjustments	–	–	0 4	0 8	1 2
Capital expenditure	9 6	–	4 8	27 3	41 7
Disposals	(1 4)	–	(2 1)	(16 1)	(19 6)
At 31st January 2011	**62 7**	**0 8**	**42 8**	**281 1**	**387.4**
Depreciation					
At 1st February 2010	6 5	0 1	19 0	151 6	177 2
Exchange rate adjustments	–	–	0 2	0 4	0 6
Charge for the year	1 0	–	3 8	23 0	27 8
Impairment	–	–	–	–	–
Disposals	(0 2)	–	(1 3)	(13 4)	(14 9)
At 31st January 2011	**7.3**	**0.1**	**21 7**	**161.6**	**190.7**
Net book value					
At 31st January 2011	**55 4**	**0 7**	**21 1**	**119 5**	**196.7**
At 1st February 2010	48 0	0 7	20 7	117 5	186 9

b) Valuation of land and buildings

	Freehold £m	Long leasehold £m	Short leasehold £m	Total £m
Land and buildings are stated at				
Valuation less depreciation	3 8	0 7	–	4 5
Cost less depreciation	51 6	–	21 1	72 7
Net book value	**55.4**	**0 7**	**21 1**	**77.2**
At historical cost, the comparable amounts would be				
Cost	62 3	0 6	42 3	105 2
Depreciation	(7 7)	(0 1)	(21 3)	(29 1)
Net book value	**54 6**	**0 5**	**21.0**	**76 1**

In accordance with the transitional provisions of FRS 15, freehold and long leasehold land and buildings are shown at valuation on adoption of FRS 15 and will not be updated The gross book value of freehold land and buildings includes £20 6m (2010 - £14 7m) of land which is not depreciated

c) Leased assets

Plant and equipment includes leased assets with a net book value of £nil (2010 - £nil)

10. FIXED ASSETS - INVESTMENTS

a) Group

	Listed investments	Unlisted investments	Total
	£m	£m	£m
Net book values at 1st February 2010	2 3	0 1	**2.4**
Exchange rate adjustments	–	–	–
Additions	0 5	–	**0.5**
Net book values at 31st January 2011	**2.8**	**0 1**	**2 9**

b) Company

	Shares in subsidiary undertakings	Shares in subsidiary undertakings
	2011	2010
	£m	£m
Net book values at 1st February 2010	**78.0**	77 8
Addition/increase in net assets	**0 3**	0 2
Disposals	–	–
Net book values at 31st January 2011	**78.3**	78 0

11. LAND HELD FOR RESALE

	2011	2010
	£m	£m
Land held for resale	–	1 3
	–	1 3

Land held for resale in the year ended 31 January 2010 represented Houndwood land which was under development for resale

12. STOCK

	2011	2010
	£m	£m
Finished goods and goods held for resale	**323.5**	231 6
	323 5	231 6

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. DEBTORS

	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Trade debtors	**121.4**	101 6	**1.4**	1 5
Amounts owed by Group undertakings	–	–	**241 9**	193 5
Amounts owed by Joint Venture undertakings	**0.4**	–	–	–
Other debtors	**1.1**	1 4	–	–
Prepayments and accrued income	**26.1**	24 2	–	–
Amounts falling due within one year	**149.0**	127 2	**243 3**	195 0
Trade debtors falling due after more than one year	**0.1**	–	–	–
Other debtors falling due after more than one year	**0 4**	–	–	–
Amounts falling due after more than one year	**0.5**	–	–	–
	149.5	127 2	**243 3**	195 0

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Bank loans and overdrafts	**55 6**	46 0	**10 0**	–
Trade creditors	**119.1**	88 8	–	–
Amounts owed to other Group undertakings	–	–	**211 0**	233 7
Current taxation	**7 4**	11 2	–	–
Social security	**3.5**	3 0	–	–
Other creditors	**14.2**	14 6	–	–
Accruals and deferred income	**51 5**	46 5	–	–
	251.3	210 1	**221.0**	233 7

15. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Long-term loans	**31.6**	–	**31.6**	–
Other creditors	**12.4**	11 0	–	–
	44 0	11 0	**31.6**	–
Amounts falling due between				
one and two years	–	–	–	–
two and five years	**40.5**	2 4	**31 6**	–
after five years	**3.5**	8 6	–	–
	44 0	11 0	**31 6**	–

16. PROVISIONS FOR LIABILITIES

	At 1st February 2010	Exchange rate adjustment	Provided in year	Utilised	At 31st January 2011
	£m	£m	£m	£m	**£m**
Long-term Incentive Plan	17 5	–	5 0	(11 1)	**11 4**
Clarks Companies North America Incentive Plan	1 4	–	11 5	(0 3)	**12.6**
Restructuring	0 6	–	(0 1)	(0 5)	**–**
Dilapidation provision	0 8	–	0 2	(0 2)	**0.8**
Onerous lease provision	0 7	–	0 1	(0 3)	**0.5**
Other	0 8	–	–	(0 2)	**0 6**
	21 8	–	16 7	(12 6)	**25.9**
Deferred taxation (see note 17)	7 8	0 5	(5 5)	–	**2.8**
	29 6	0 5	11 2	(12 6)	**28 7**

17. DEFERRED TAXATION

	Group 2011	Group 2010
	£m	£m
Accelerated capital allowances	**10 4**	10 0
Holdover relief/capital gains taxation losses	**–**	0 3
Liquidation of LIFO inventory reserves in North America and Japan	**4 6**	4 4
Short-term timing differences	**(12.2)**	(6 9)
	2 8	7 8

	Group
	£m
Provision at 1st February 2010	**7 8**
Exchange rate adjustment	**0.5**
Deferred taxation charge in the profit and loss account for the year (see note 5(a))	**(5 5)**
Provision at 31st January 2011	**2.8**

Deferred tax assets of £12 9m (2010 - £13 1m) have not been provided for on the basis that the Directors do not assess them as being recoverable in the foreseeable future The main component of the deferred tax asset is unutilised German losses

18. SHARE CAPITAL

	Authorised 2011	Issued and fully paid 2011	Authorised 2010	Issued and fully paid 2010
	£m	**£m**	£m	£m
Ordinary shares of £1 each	**92.3**	**59 4**	92 3	59 6

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

19. RESERVES

	Share premium account Group & Company	Capital redemption reserve Group & Company	Merger reserve Group	Profit and loss account Group	Profit and loss account Company
	£m	£m	£m	£m	£m
At 31st January 2010	0 4	17 9	15 1	229 5	11 7
Currency translation adjustments (net of corporation tax)	–	–	–	(2 0)	–
Share buyback	–	–	–	(1 6)	(1 6)
Cancellation of shares	–	0 2	–	–	–
Profit for the year	–	–	–	77 1	35 5
Actuarial loss on pension scheme	–	–	–	(7 2)	–
Associated deferred tax on actuarial loss	–	–	–	1 7	–
Share-based payment	–	–	–	0 2	0 2
Dividends paid	–	–	–	(23 8)	(23 8)
At 31st January 2011	**0.4**	**18.1**	**15 1**	**273.9**	**22.0**

The merger reserve of £15 1m (2010 - £15 1m) arises from the adoption of merger accounting in the year ended 31st January 1998 in relation to the Group reconstruction which followed the demerger of the Factory Outlet Centres The capital redemption reserve was originally created in 2003 as a result of the ordinary share buy back

The profit for the year dealt within the profit and loss account of the Company amounts to £35 5m (2010 - £3 5m loss) The cumulative total of goodwill written off against Group profit and loss account reserves in respect of acquisitions prior to the 1st February 1988, when FRS 10 'Goodwill and Intangible Assets' was adopted, amounts to £2 1m (2010 - £2 1m) This relates to acquisitions since 1st February 1985 as information prior to this date is not available

On 9th July 2010 the Company repurchased 228,450 ordinary shares at a price of £6 80 per share These shares represented 0 38% of the total share capital and the total cost to the business of the transaction was £1 6m The repurchased shares were subsequently cancelled

20. FINANCIAL COMMITMENTS

Commitments by the Group for capital expenditure not provided in the financial statements are

	2011	2010
	£m	£m
Contracted but not provided for	**6 8**	5 2

Annual commitments by the Group in respect of non-cancellable operating leases are

	Land and buildings 2011	Land and buildings 2010	Plant and equipment 2011	Plant and equipment 2010
	£m	£m	£m	£m
Expiring within one year	**7 7**	4 3	**0.1**	–
Expiring between two and five years	**30.1**	30 8	**1.0**	0 1
Expiring after five years	**46.8**	50 2	–	–
	84.6	85 3	**1 1**	0 1

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's treasury management policies are outlined in the Financial Review on pages 18 and 19

a) Currency profile and interest rates

	Gross borrowings 2011	Cash at bank and in hand 2011	Net cash/ (borrowings) 2011	Gross borrowings 2010	Cash at bank and in hand 2010	Net (cash)/ (borrowings) 2010
	£m	£m	£m	£m	£m	£m
Currency·						
Sterling	10.2	(82 0)	(71 8)	2 4	(77 8)	(75 4)
US dollar	16 3	(8.3)	8.0	–	(27 3)	(27 3)
Euro	20 5	(5.7)	14.8	37 2	(8 6)	28 6
Other	8.6	(9.8)	(1 2)	6 4	(9 7)	(3 3)
	55.6	(105 8)	(50 2)	46 0	(123 4)	(77 4)
Borrowings for hedging purposes						
US Dollar	31 6	–	31 6	–	–	–
	87.2	(105.8)	(18 6)	46 0	(123 4)	(77 4)

The Group's cash deposits comprise deposits placed on money markets at call and overnight rates The Group's entire borrowing facilities amounting to £171 1m (2010 - £170 2m) are available at floating rates These include the Revolving Credit Facility of £136 5m (2010 - £136 5m) and overdraft facilities in the UK and overseas totalling £34 6m (2010 - £33 7m) Under the Revolving Credit Facility interest rates are based upon LIBOR, fixed depending on the tenor of the loan The interest rates on overdraft facilities in the UK are based on the UK base rate for sterling borrowings and the relevant LIBOR rate for currency borrowings The interest rates on short term facilities in the USA and Japan are based on local base rates Bank borrowings are secured by a floating charge over the assets of the Group

Exchange losses on foreign currency borrowings less deposits were £1 8m (2010 - gain £2 0m) including a gain of £nil (2010 - £nil) relating to exchange movements on loans providing a hedge to offset currency movements arising on retranslation of overseas subsidiaries

The maturity of the Group's gross borrowings at 31st January was as follows

	2011	2010
	£m	£m
In one year or less or on demand	55.6	46 0
In more than one year but not more than two years	31.6	–
In more than two years but not more than five years	–	–
	87 2	46 0

At 31st January the Group had the following undrawn net committed borrowings facilities available

	2011	2010
	£m	£m
Expiring in one year	34.6	28 1
Expiring in more than one year but not more than two years	94 9	136 5
	129 5	164 6

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

b) Currency exposures, fair values and hedge

The Group has used foreign currency contracts to cover the currency exposures on cash flows up to two years forward

The Group does not engage in foreign currency speculation but covers its future trading requirements through forward exchange contracts and options By necessity, this results in some forward currency commitments at the year end which have been entered into at exchange rates likely to be relevant at the contract date Due to short-term fluctuations in exchange rates, the year end rates will always be different from contract rates

As at 31st January 2011, the foreign currency forward contracts held a theoretical fair value loss of £0 4m (2010 - gain £6 1m) The fair value loss on options at 31st January 2011 was £0 2m (2010 - gain £9 1m) Ninety-seven of the one hundred and twenty six contracts held will mature during the year ended 31st January 2011 The sterling value of the deals held is £650 2m (2010 - £455 7m) Thirty-seven of the forty-seven contracts held at 31st January 2010 have matured and have been recognised in the profit and loss account

22. RETIREMENT BENEFITS

The Group operates two defined benefit schemes in the UK, the C&J Clark Pension Fund (the Fund) and the Clarks Flexible Pension Scheme (the Scheme) A full actuarial valuation of the Fund was carried out at 31 March 2008 and an actuarial report of the Scheme was carried out at 31 March 2009 These were updated to 31st January 2011 by a qualified independent actuary The Group operates a single defined benefit scheme in the USA, the C&J Clark Company Pension Plan (the Plan) A full actuarial valuation of the Plan was carried out at 1st January 2008 and updated to 31st January 2011 by a qualified independent actuary

	Group 2011 £m	Group 2010 £m
Change in benefit obligation for defined benefit sections		
Benefit obligation at the beginning of the year	**770.5**	674 6
Current service cost	**9 6**	6 8
Interest cost	**43.8**	42 8
Plan participants' contributions	**0.4**	1 8
Past service costs	–	–
Actuarial gains	**42 3**	87 0
Transfer from defined contribution section of the Fund	–	0 2
Curtailments	–	–
Benefits paid	**(39.6)**	(37 0)
Exchange rate adjustment on US scheme	**0.3**	(5 7)
Benefit obligation at the end of the year	**827.3**	770 5
Analysis of benefit obligation for defined benefit sections		
Plans that are wholly or partly funded	**827.0**	770 2
Plans that are wholly unfunded	**0.3**	0 3
Total	**827.3**	770 5

22. RETIREMENT BENEFITS continued

	Group 2011 £m	Group 2010 £m
Change in plan assets for defined benefit sections		
Fair value of plan assets at beginning of the year	**628 4**	511 8
Expected return on plan assets	**37.1**	31 0
Actuarial gains	**35.0**	95 1
Transfer from defined contribution section of the Fund	-	–
Employer contribution	**42 8**	28 6
Member contributions	**0 4**	1 8
Benefits paid	**(39 6)**	(37 0)
Exchange rate adjustment on US scheme	**0.1**	(2 9)
Fair value of plan assets at the end of the year	**704 2**	628 4

Funded status	**(123.1)**	(142 1)
Unrecognised past service cost (benefit)	-	–
Net amount recognised	**(123 1)**	(142 1)

In addition, the value of the assets and liabilities held in the defined contribution section of the UK Fund amounted to £21 8m as at 31st January 2011 (2010 - £17 8m) and the value of assets and liabilities held in the defined contribution section of the UK Scheme amounted to £3 5m as at 31st January 2011 (2010 - £2 2m) Defined contribution schemes in the US held assets of £27 0m as at 31st January 2011 (2010 - £21 3m)

	Group 2011 £m	Group 2010 £m
Components of pension cost		
Current service cost - defined benefit scheme	**9 6**	6 8
Contribution - defined contribution scheme	**1 3**	0 5
Interest cost	**43.8**	42 8
Expected return on plan assets	**(37 1)**	(31 0)
Past service cost	–	0 2
Effect of curtailments	–	-
Total pension cost recognised in the Profit and Loss Account	**17.6**	19 3

Actuarial losses/(gains) immediately recognised	**7.3**	(8 1)
Total pension cost recognised in the Statement of Total Recognised Gains and Losses	**7.3**	(8 1)
Cumulative amount of actuarial gains immediately recognised since 1 February 2005	**72.7**	65 4

22. RETIREMENT BENEFITS continued

	Group 2011 £m	Group 2010 £m
Movement in deficit during the year		
Deficit in the scheme at the beginning of the year	**(142.1)**	(162 8)
Current service cost	**(9 6)**	(6 8)
Contributions	**42 8**	28 6
Past service costs/curtailments	**–**	(0 2)
Net (interest cost)/return on assets	**(6.6)**	(11 8)
Actuarial (loss)/gain	**(7 2)**	8 2
Exchange rate adjustment on US scheme	**(0.4)**	2 7
Deficit in the scheme at the end of the year	**(123 1)**	(142 1)
Associated deferred tax asset		
Deferred tax asset at the beginning of the year	**41.9**	48 6
Deferred tax charge on pension contributions in excess of current year pension charge	**(7.7)**	(3 0)
Effective change in tax rate	**(1 1)**	(0 4)
Movements on actuarial loss/(gain)	**1.7**	(2 3)
Exchange rate adjustment on US scheme	**0.1**	(1 0)
Deferred tax asset at the end of the year	**34 9**	41 9
Net pension liability at the beginning of the year	**(100 2)**	(114 2)
Net pension liability at the end of the year	**(88.2)**	(100 2)

Plan assets

The weighted average asset allocations at the year end were as follows

Asset category	UK plan assets 2011	UK plan assets 2010	North America plan assets 2011	North America plan assets 2010
Equities	**39.39%**	54 70%	**65.32%**	64 25%
Bonds	**59.88%**	44 70%	**34 68%**	35 75%
Cash	**0 73%**	0 60%	**–**	–
	100 00%	100 00%	**100.00%**	100 00%
Amounts included in the fair value of assets for:				
Financial instruments	**–**	–	**–**	–
Property occupied or other assets used	**–**	–	**–**	–

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, the expectation for future returns of each asset class and the expected expenses of operating the schemes The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio This resulted in the selection of the 5 67% assumption for the year ended 31 January 2011 for the UK scheme and 8 5% for the US scheme

22. RETIREMENT BENEFITS continued

	Group 2011 £m	Group 2010 £m
Actual return on plan assets	**72.2**	105 5

		UK 2011	UK 2010	North America 2011	North America 2010
Weighted average assumptions used to determine benefit obligations					
Discount rate		**5 60%**	5 75%	**5.50%**	6 00%
Rate of increase in salaries	Senior Executives	**5 50%**	5 50%	**5.00%**	5 00%
	Others	**5.00%**	5 00%	**5.00%**	5 00%
Rate of increase in pensions in payment	Fund	**3.40%**	3 40%	**n/a**	n/a
	Scheme	**2.25%**	2 25%	**n/a**	n/a
Rate of increase in pensions in deferment		**3.00%**	3 50%	**n/a**	n/a
Inflation assumption		**3.50%**	3 50%	**2 50%**	2 50%
Weighted average assumptions used to determine net pension cost for the year end					
Discount rate		**5 75%**	6 50%	**6 00%**	6 25%
Expected long-term return on plan assets		**5.67%**	5 90%	**8.50%**	8 50%
Rate of increase in salaries	Senior Executives	**5.50%**	5 40%	**5.00%**	5 00%
	Others	**5.00%**	4 90%	**5 00%**	5 00%
Rate of increase in pensions in payment	Fund	**3.40%**	3 30%	**n/a**	n/a
	Scheme	**2 25%**	2 25%	**n/a**	n/a
Rate of increase in pensions in deferment		**3.40%**	3 40%	**n/a**	n/a
Inflation assumption		**3.50%**	3 40%	**2.50%**	2 50%
Weighted average life expectancy for mortality tables used to determine benefit obligations					
Member age 65 (current life expectancy)	Male	**20.3**	20 3	**17 9**	17 9
	Female	**23 2**	23 2	**21.3**	21 3
Member age 45 (life expectancy at age 65)	Male	**21 3**	21 3	**17 9**	17 9
	Female	**24.1**	24 1	**21 3**	21 3

Five year history

	UK 2011 £m	UK 2010 £m	UK 2009 £m	UK 2008 £m	UK 2007 £m
Benefit obligation at the end of the year	**(761.0)**	(710 0)	(617 9)	(658 9)	(663 3)
Fair value of plan assets at the end of the year	**654.9**	590 0	482 9	582 0	559 9
Deficit in the scheme	**(106.1)**	(120 0)	(135 0)	(76 9)	(103 4)
Related deferred tax asset	**28.6**	33 6	37 8	21 5	29 0
Net pension liability	**(77 5)**	(86 4)	(97 2)	(55 4)	(74 4)

22. RETIREMENT BENEFITS continued

	North America 2011 £m	North America 2010 £m	North America 2009 £m	North America 2008 £m	North America 2007 £m
Benefit obligation at the end of the year	**(66 3)**	(60 5)	(56 7)	(40 0)	(38 2)
Fair value of plan assets at the end of the year	**49.3**	38 4	28 9	32 1	31 5
Deficit in the scheme	**(17 0)**	(22 1)	(27 8)	(7 9)	(6 7)
Related deferred tax asset	**6 3**	8 3	10 8	3 1	2 6
Net pension liability	**(10.7)**	(13 8)	(17 0)	(4 8)	(4 1)

	Group 2011 £m	Group 2010 £m	Group 2009 £m	Group 2008 £m	Group 2007 £m
Benefit obligation at the end of the year	**(827.3)**	(770 5)	(674 6)	(698 9)	(701 5)
Fair value of plan assets at the end of the year	**704.2**	628 4	511 8	614 1	591 4
Deficit in the scheme	**(123.1)**	(142 1)	(162 8)	(84 8)	(110 1)
Related deferred tax asset	**34.9**	41 9	48 6	24 6	31 6
Net pension liability	**(88 2)**	(100 2)	(114 2)	(60 2)	(78 5)

Actual return less expected return on scheme assets	**35 0**	(131 0)	(131 0)	(20 4)	(2 6)
Percentage of year-end scheme assets	**5.0%**	(20 8%)	(25 6%)	(3 3%)	(0 4%)
Experience (losses)/gains arising on scheme liabilities	**(42.3)**	5 5	5 5	(4 9)	1 1
Percentage of year-end scheme liabilities	**(5.1%)**	0 7%	0 8%	(0 7%)	0 2%

Contributions

Under the current schedule of contributions, the Group expects to make contributions towards pension deficits of £20m to the UK schemes and $10m to the US schemes in the year ended 31 January 2012

23. CONTINGENT LIABILITIES

	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Other guarantees and indemnities	–	0 4	–	–
	–	0 4	–	–

24. RELATED PARTY TRANSACTIONS

Control

The Group holding company is C&J Clark Limited As indicated in the Corporate Governance statement on pages 22 to 23, family members hold 84 2% of the Company's ordinary shares

Transactions with directors and officers

There were no transactions with directors and officers during the year

24. RELATED PARTY TRANSACTIONS continued

Transactions with subsidiaries

The Group has taken advantage of the exemptions in FRS 8 'Related Party Transactions' in respect of transactions with wholly owned subsidiaries Therefore, transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note Transactions between the Group and its joint venture are disclosed below

	Sales to related parties 2011	Sales to related parties 2010	**Amounts Owed by related parties 2011**	Amounts Owed by related parties 2010	**Injection of equity funding 2011**	Injection of equity funding 2010
	£m	£m	**£m**	£m	**£m**	£m
Joint Venture	**0 4**	–	**0 4**	–	**0.3**	–

Sales to related parties consist of footwear

25. RECONCILIATION OF OPERATING PROFIT ITEMS TO OPERATING CASH FLOWS

	2011	2010
	£m	£m
Operating profit before exceptional items	**110 9**	97 4
Exceptional costs	**–**	(3 3)
	110 9	94 1
Depreciation and impairments	**27 9**	27 5
Decrease in land held for resale	**1.3**	2 9
(Increase)/decrease in stocks	**(89.0)**	28 2
(Increase)/decrease in debtors	**(17.8)**	4 2
Increase in creditors	**34.1**	19 0
Increase in provisions	**2 0**	12 9
Exchange (gains)/losses on currency bank accounts	**(1 8)**	2 0
Loss on sale of tangible fixed assets	**4 7**	1 9
Pension deficit funding	**(34 5)**	(20 3)
Difference between pension charge and cash contributions	**2.5**	(1 2)
Net cash inflow from operating activities	**40.3**	171 2

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE GROUP CASH FLOW STATEMENT

	2011	2010
	£m	£m
a) Returns on investments and servicing of finance		
Interest received	**0 4**	–
Interest paid	**(0.8)**	(1 9)
Net cash outflow for returns on investments and servicing of finance	**(0.4)**	(1 9)

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE GROUP CASH FLOW STATEMENT
continued

	2011 £m	2010 £m
b) Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(42.5)**	(19 0)
Sale of tangible fixed assets	**1.9**	0 1
Additions to investments (see note 10a)	**(0.5)**	(0 7)
Investment in joint venture undertaking	**(0 3)**	–
Net cash outflow for capital expenditure and financial investment	**(41 4)**	(19 6)
c) Financing		
Increase/(decrease) in long-term bank loans	**31 6**	(41 9)
Increase/(decrease) in bank loans	**10 0**	(18 2)
Increase/(decrease) in debt	**41 6**	(60 1)
Sale of own shares	**–**	–
Share buyback	**(1.6)**	(3 9)
Net cash inflow/(outflow) from financing	**40.0**	(64 0)

27. ANALYSIS OF NET CASH

	At 1st February 2010 £m	Cash flow £m	Translation differences £m	At 31st January 2011 £m
Cash at bank and in hand	123 4	(17 8)	0 2	**105.8**
Bank overdrafts	(46 0)	(0 4)	0 8	**(45.6)**
	77 4	(18 2)	1 0	**60.2**
Bank loans	–	(10 0)	–	**(10.0)**
Long-term loans	–	(31 6)	–	**(31.6)**
	77 4	(59 8)	1 0	**18 6**

C&J CLARK LIMITED AND SUBSIDIARIES

The following subsidiaries are those contributing most significantly to the profits and the assets of the Group and is not a complete list of all subsidiaries All are wholly-owned and are engaged in the shoe trade

	Country of incorporation	Ordinary shares	%
Subsidiaries			
C&J Clark International Limited trading as Clarks International	England	£ each	100
Clarks Companies North America	USA	US $each	100
Clarks Shoes Vertriebs GmbH	Germany	€ each	100
Clarks Shoes Benelux BV	Holland	€ each	100
Clarks Japan Company Limited	Japan	¥ each	100
Joint Ventures			
Clarks Future Footwear Limited	India	RUP each	50

GROUP FINANCIAL RECORD

	Notes	2011 £m	2010 £m	2009 £m	2008 (restated) £m	2007 (restated) £m
Group trading results for the year ended 31st January						
Total Group turnover		**1,281 3**	1,173 5	1,122 0	1,053 0	972 7
Turnover from continuing activities	1	**1,281 3**	1,173 5	1,122 0	1,035 6	939 3
Profit before interest and exceptional items		**110 9**	97 4	93 3	85 2	80 9
Exceptional items before taxation		**5.1**	1 5	0 5	(6 0)	(4 9)
Profit before interest and after exceptional items		**115.9**	98 9	93 8	79 2	76 0
Net interest		**(7.2)**	(13 8)	(7 0)	(4 1)	(6 6)
Profit before tax and after exceptional items		**108 7**	85 1	86 8	75 1	69 4
Profit after tax		**77.1**	60 8	62 0	51 7	48 3
Group financial position at 31st January						
Capital employed		**439.3**	353 1	443 5	360 1	358 8
Net (cash)/borrowings		**(18.6)**	(77 4)	29 5	19 1	33 7
Equity shareholders' funds		**366.9**	322 5	288 5	269 2	235 7
Ratios						
Return on sales	2	**8.7%**	8 3%	8 3%	8 2%	8 6%
Return on capital employed	3	**25.2%**	27 6%	21 0%	23 7%	22 5%
Net assets per ordinary share	4	**£6 16**	£5 41	£4 79	£4 43	£3 84
Net borrowings/equity		**(5.1%)**	(24 0%)	10 2%	71%	14 3%
Basic earnings per ordinary share	5	**129 6p**	101 6 p	102 6p	84 7p	78 5p
Basic earnings per ordinary share before exceptional items		**121.1p**	98 3 p	101 8p	93 2p	84 3p
Dividends paid during the year per ordinary share	6	**40.0p**	27 5p	26 5p	24 0p	24 0p
Dividend cover	7	**3.2**	3 7	3 9	3 5	3 3
Interest cover	8	**16.1**	7 2	13 4	19 3	11 5

1 Turnover from continuing operations in all years excludes the turnover generated by the Elefanten group of companies and Ravel
2 Return on sales is the profit before interest and exceptional items expressed as a percentage of turnover from continuing activities
3 Return on capital employed is the profit before interest and exceptional items expressed as a percentage of capital employed at the year end
4 Net assets per ordinary share is the amount of the equity shareholders' funds divided by the number of ordinary shares in issue
5 Basic earnings per ordinary share have been calculated as per note 7 in the notes to the financial statements
6 Dividends paid during the year per ordinary share reflect the actual payments made during the year rather than the dividend declared in respect of the year in accordance with FRS 21 'Events after the Balance Sheet date'
7 Dividend cover is profit after tax divided by dividends paid
8 Interest cover is the profit before interest divided by net interest

FACTS AT YOUR FINGERTIPS

2011

	UK	America	Europe	Rest of the World	Group
Turnover (£millions)	**582**	**481**	**148**	**69**	**1,281**
Employees (number at year-end)*	**12,121**	**2,135**	**91**	**173**	**14,520**
Pairs sold (millions)	**28 2**	**18.5**	**1.8**	**0.8**	**49.3**
Shops					
Clarks	**383**	–	**1**	–	**384**
Concessions	**56**	–	–	–	**56**
Factory shopping outlets	**37**	**93**	**3**	–	**133**
Bostonian/Hanover	–	**24**	–	–	**24**
Clarks of England	–	**137**	–	–	**137**
Total owned shops	**476**	**254**	**4**	–	**734**
Franchise stores	**112**	–	–	–	**112**
International Clarks shops**	–	–	**131**	**94**	**225**
Total shops	**588**	**254**	**135**	**94**	**1,071**

2010

	UK	America	Europe	Rest of the World	Group
Turnover (£millions)	591	397	121	65	1,174
Employees (number at year-end)*	11,380	1,827	75	144	13,426
Pairs sold (millions)	28 3	15 7	1 7	0 7	46 4
Shops					
Clarks	398	–	1	–	399
Concessions	57	–	–	–	57
Factory shopping outlets	42	83	2	–	127
Bostonian/Hanover	–	34	–	–	34
Clarks of England	–	125	–	–	125
Total owned shops	497	242	3	–	742
Franchise stores	107	–	–	–	107
International Clarks shops**	–	–	122	74	196
Total shops	604	242	125	74	1,045

*Including part time employees

**Monobranded patnership stores using the 'global' shopfit format

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