

10<sup>th</sup> December 2009



**Sports Direct International plc**  
(“Sports Direct”, “the Group” or “the Company”)

**Interim Results**  
**For the 26 weeks to 25 October 2009**

**Group highlights**

- Group revenue up 10.1% to £756.9m (2009 H1: £687.7m):
  - UK retail up 14.9% to £586.0m (2009 H1: £510.1m)
  - International retail up 22.8% to £63.6m (2009 H1: £51.8m)
  - Brands division down 19.3% to £95.1m (2009 H1: £117.9m)
- Underlying EBITDA up 10.4% to £99.1m (2009 H1: £89.8m) <sup>(1)</sup>
- Underlying profit before tax up 38.8% to £71.9m (2009 H1: £51.8m) <sup>(1) (2)</sup>
- Reported profit before tax down 40.8% to £57.8m (2009 H1: £97.7m) due to impact of foreign exchange movements <sup>(3)</sup>
- Group gross margin decreased by 270 basis points to 40.7% (2009 H1: 43.4%):
  - UK retail gross margin down to 41.6% (2009 H1: 45.4%) due to ongoing foreign exchange pressures
- Underlying earnings per share up 48.0% to 8.52p (2009 H1: 5.76p) <sup>(1) (2)</sup>
- Maintained our UK market leading position, continued international expansion and continued our long-term focus on developing our licensing business within the brands division
- Reduced net debt to £362.0m (at 26 April 2009 net debt was £431.3m):
  - Below target of £400m for 2010 FY
  - Debt targeted to be at similar level at year end
- No interim dividend

Dave Forsey, Chief Executive said:

“We are pleased with our performance in the first half of this year, when conditions remained challenging. We achieved this result through offering our customers the best products at the best prices, controlling costs and reducing debt.

“Although the operating environment is likely to remain difficult; we have motivated colleagues, a fantastic unrivalled range of products for our customers, and the World Cup to look forward to. On that basis, and assuming stable exchange rates, we are confident in the full year outlook for the Group and expect to achieve underlying EBITDA, of at least £155 million this financial year.”

(1) *Underlying EBITDA, underlying profit before taxation and underlying EPS excludes realised foreign exchange gains/losses in selling and administration costs, exceptional costs and the profit/loss on sale and derecognition of strategic investments*

(2) *Underlying profit before taxation and underlying EPS also exclude profits/losses relating to the IAS 39 fair value adjustment on forward currency contracts in financing income/costs*

(3) *Reported profit before tax includes the impact of foreign exchange, profit/loss on sale and derecognition of strategic investments and exceptional costs.*

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## **Chairman's Statement**

I was delighted to join the Board of Sports Direct as Chairman in November, and I am very pleased to be introducing this half year report.

These are a strong set of results, which reflect the strength and efficiency of the business, the resilience of our flexible business model, and the hard work of all our people. In a difficult economic environment, we have successfully controlled our costs and working capital, while still offering our customers unrivalled ranges and value both in the UK and internationally. Our brands division continues successfully to focus on growing its licensing business.

The Board has determined not to pay an interim dividend; it will keep the payment of dividends under review, but the reduction of debt remains the priority for the Board.

Keith Hellowell  
Non-Executive Chairman  
10 December 2009

## Chief Executive's Review

### Overview of Financial Performance

In the 26 weeks ended 25 October 2009 ("2010 H1"), Group revenues were up 10.1% at £756.9m compared with revenues of £687.7m for the 26 weeks ended 26 October 2008 ("2009 H1").

UK retail revenues were up 14.9% to £586.0m (2009 H1: £510.1m). International retail revenues increased 22.8% to £63.6m (2009 H1: £51.8m), which in local currency represented an increase of 10.8%. The brands division revenues were down 19.3% to £95.1m (2009 H1: £117.9m) including licensing, where revenues were down 6.5% to £11.5m.

Gross margin for the Group decreased 270 basis points to 40.7% (2009 H1: 43.4%). The retail division margin decreased 350 basis points to 41.2% (2009 H1: 44.7%). UK retail margin was 41.6% (2009 H1: 45.4%) and the international retail gross margin decreased 20 basis points to 43.4% (2009 H1: 43.6%). While revenues were lower, gross margin in the brands division increased 20 basis points to 37.3% (2009 H1: 37.1%) predominantly due to a greater proportion of licensing revenue in the period.

Underlying EBITDA for the period increased 10.4% to £99.1m (2009 H1: £89.8m), after a charge of £4.7m relating to the bonus share scheme. This charge has been taken centrally and, except in note 2 to the accounts, is not reflected in divisional (Retail and Brands) numbers in this report. Within this underlying EBITDA, UK retail increased 17.1% to £85.6m (2009 H1: £73.1m), international retail increased 20.0% to £9.0m (2009 H1: £7.5m) and the brands division was the same as last year at £9.2m (2009 H1: £9.2m). Underlying profit before tax increased 38.8% to £71.9m (2009 H1: £51.8m).

The foreign exchange loss for the half year was £15.4m (2009 H1: £45.4m gain). This is net of a £43.9m realised exchange loss included in administration costs (2009 H1: £43.1m loss). The revaluation of forward exchange contracts required under IFRS is included in finance income and this unrealised profit amounted to £28.5m (2009 H1: £88.5m profit). These amounts are excluded from the definition of underlying profit used in the business and as reported here. No exceptional items were incurred in 2010 H1.

#### Reconciliation of reported to underlying results

|                                                               | EBITDA     |            | PBT        |            |
|---------------------------------------------------------------|------------|------------|------------|------------|
|                                                               | 2010<br>£m | 2009<br>£m | 2010<br>£m | 2009<br>£m |
| Operating profit                                              | 31.4       | 20.5       |            |            |
| Depreciation                                                  | 20.9       | 22.6       |            |            |
| Amortisation                                                  | 1.4        | 1.5        |            |            |
| Share of profit of associated undertakings                    | 1.5        | 2.1        |            |            |
| Reported                                                      | 55.2       | 46.7       | 57.8       | 97.7       |
| Realised FX loss                                              | 43.9       | 43.1       | 43.9       | 43.1       |
| IAS 39 FX fair value adjustment on forward currency contracts | -          | -          | (28.5)     | (88.5)     |
| Profit on disposal of listed investments                      | -          | -          | (1.3)      | (0.5)      |
| Underlying                                                    | 99.1       | 89.8       | 71.9       | 51.8       |

## Review by Business Segment

|                         | 26 weeks ended<br>25 October 2009<br>(£'m) | 26 weeks ended<br>26 October 2008<br>(£'m) | Change<br>% |
|-------------------------|--------------------------------------------|--------------------------------------------|-------------|
| <b>Retail</b>           |                                            |                                            |             |
| Revenue:                |                                            |                                            |             |
| UK retail               | 586.0                                      | 510.1                                      | 14.9        |
| UK wholesale and other  | 12.2                                       | 7.9                                        | 54.4        |
| International retail    | 63.6                                       | 51.8                                       | 22.8        |
| Total retail revenue    | 661.8                                      | 569.8                                      | 16.1        |
| Cost of sales           | (389.1)                                    | (314.9)                                    | 23.6        |
| Gross margin            | 272.7                                      | 254.9                                      | 7.0         |
| Gross margin percentage | 41.2%                                      | 44.7%                                      |             |
| <b>Brands</b>           |                                            |                                            |             |
| Revenue:                |                                            |                                            |             |
| Wholesale               | 83.6                                       | 105.6                                      | -20.8       |
| Licensing               | 11.5                                       | 12.3                                       | -6.5        |
| Total brands revenue    | 95.1                                       | 117.9                                      | -19.3       |
| Cost of sales           | (59.6)                                     | (74.2)                                     | -19.7       |
| Gross margin            | 35.5                                       | 43.7                                       | -18.8       |
| Gross margin percentage | 37.3 %                                     | 37.1%                                      |             |

### **Business Review**

In spite of a difficult trading environment, our strategy to focus on our core strengths, increasing efficiencies and controlling costs, delivered another strong performance.

#### **Retail division**

UK retail revenues growth was mainly driven by our retail and logistic skills – providing the best products at the best price with universal availability – albeit the comparison also reflects a weaker sales performance in 2009 H1.

The decline in UK retail gross margin to 41.6% (2009 H1: 45.4%) largely reflects ongoing foreign exchange pressures. On a currency neutral basis, UK retail gross margin would have been 44.5%.

We will continue to report the like-for-like percentage change in store contribution for UK retail on an annual basis.

Online revenue continues to grow strongly and we will look at opportunities to develop this revenue stream. Order fulfilment and information technology solutions are fully in-house developed and supported from our Shirebrook national distribution centre. There has also been a strong pick up in the usage of the website due to increased recognition of the online brand. Over 90% of the core store fascias are SPORTSDIRECT.com.

Our ongoing commitment to maintaining control on labour costs and all operating expenses – and no increase in onerous lease provisions – meant we maintained UK retail's actual operating costs flat on 2009 H1. As a result, we grew UK retail underlying EBITDA by 17.1%.

International retail revenue growth benefitted from both a strong underlying performance and the euro/sterling exchange rate movement in the period. This division utilises the same basic retail skills, adapted by local management for local market requirements. In addition, these local management teams are able to leverage the stock control benefits of our UK-developed proprietary IT and operating systems.

Reflecting our ongoing focus on efficiency, international retail's operating costs increased 15.0%, although on a local currency basis these costs only increased 6.5%.

We grew international retail underlying EBITDA by 20%.

As we stated in our 2009 annual report, we made a provision last year against all costs relating to the strategic alliance with ITAT. Since 26 April 2009, it has become clear that the alliance will not be resurrected.

#### **Store portfolio**

As of 25 October 2009, we operated 371 stores in the UK (excluding Northern Ireland), a total of circa 3.6m sq ft (2009 H1: circa 3.4m sq ft). These are divided between 297 core and 74 non-core stores. Through the Group's shareholding in the Heaton's chain, it has products in nine stores in Northern Ireland and 23 stores in the Republic of Ireland.

We have a clear, focused strategy to enhance our varied store portfolio. We are still targeting a total of between 10 and 15 new core stores in the UK this year, taking a selective approach to the best opportunities.

Internationally, as at 25 October 2009 we operated through 44 stores in Belgium, 12 in Slovenia, four in Holland, two in Cyprus and one in Luxembourg. We continue with our strategy to identify partners in new territories while continuing to expand our operations in the countries where we currently trade.

### **Brands division**

The reduction in brands revenues was driven by the anticipated decline in wholesale revenues, as we seek to shift the focus of this division to higher-margin licensing. Indeed, in the first half, we have already signed 32 new contracts with contracted minimum royalties of \$65m over the life terms of the contracts exceeding the contracted minimum royalties on all new contracts signed in 2009.

However, 2010 H1 brands revenues were negatively impacted by our decision to cancel one Everlast license, with the attendant costs, and a retail competitor's decision to cease selling our brands.

The slight improvement in brands gross margin reflects the higher proportion of licensing revenues partly offset by a lower gross margin in the wholesale business.

Critically, the shift away from wholesale enables us to achieve significant operating cost savings. In 2010 H1, we achieved a £9m reduction in brands operating costs while maintaining investment behind our brands. As a result, even though revenues were down, we sustained this division's underlying EBITDA flat at £9.2m.

### **Net Debt**

We have a strong relationship with our banks and have a committed working capital facility that is available until 30 April 2011. The Company continues to operate well within its bank covenants and the Board remains comfortable with the Company's available headroom.

In our preliminary results in July it was reported that we were targeting to reduce debt levels to below £400m by April 2010. We have made strong progress in respect of this in the half year and are ahead of schedule with net debt decreasing during the period to £362.0m (26 April 2009: £431.3m). We now expect net debt to be at a broadly similar level at the end of April 2010.

As we anticipated in July, the decrease in debt has been achieved by:

- Growing EBITDA – up by 10%
- Reducing working capital – down by £55m in the period
- Reducing the level of capital expenditure – down by 24% on the previous half year
- Reduction in financing costs – down by 62% on the previous half year
- Saving the cost of the final dividend

Capital expenditure amounted to £13.8m (2009 H1: £18.1m). No freehold property was acquired in the period (2009 H1: £3.9m).

## **Strategic Investments**

The Group disposed of 11.9m shares in JJB (5%) during the period, and closed outstanding contracts for difference on another 33.7m (14%) shares. The value of the Group's investments has reduced from £5.5m to Nil during the period, due to the disposals detailed above.

For accounting purposes the group continues not to recognise the strategic investments held through Kaupthing Singer and Friedlander. However, we do still believe that the shares belong to us and will continue to present our case as such in the current legal proceedings.

## **Competition enquiries**

On 7 August 2009 the acquisition of 31 stores from JJB Sports was referred to the Competition Commission (CC) for investigation. On 10 September 2009, representatives of the Office of Fair Trading (OFT) and the Serious Fraud Office (SFO) visited the Company's premises in Shirebrook. Sports Direct continues to comply with the ongoing investigations of the CC, OFT and SFO.

## **Bonus share scheme**

The bonus share scheme that was announced at the time of the preliminary results was approved by shareholders, has been implemented, and a charge of £4.7m is included in these results as a central cost.

## **Principal risks and uncertainties for the remaining six months of the year**

The Board believes that the principal risks and uncertainties for the remaining 6 months of the year are the possibility of a further deterioration of the economy both in the UK and worldwide and a further reduction in consumer confidence and retail spending, beyond that currently expected, which would impact on the performance of the business, and the financial risks identified on p12.

## **Outlook**

We made strong progress in reducing our net debt level in the half year and expect net debt to be at a broadly similar level at the year end.

We delivered strong results in the first half of FY 2010 against a difficult operating environment. With the best product range and our highly motivated staff, our trading performance since the end of October has continued to be robust. As such, and subject to stable exchange rates, we are targeting full year underlying EBITDA after the cost of the bonus share scheme of at least £155m.

**Dave Forsey**  
**Chief Executive**  
**10 December 2009**

## Financial Review

### Basis of reporting

The financial statements for the Group for the 26 weeks ended 25 October 2009 are presented in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

### Summary of results

|                              | 26 weeks ended<br>25 October 2009<br>(£'m) | 26 weeks ended<br>26 October 2008<br>(£'m) | Change<br>% |
|------------------------------|--------------------------------------------|--------------------------------------------|-------------|
| Revenue                      | 756.9                                      | 687.7                                      | +10.1       |
| Underlying EBITDA            | 99.1                                       | 89.8                                       | +10.4       |
| Underlying Profit before Tax | 71.9                                       | 51.8                                       | +38.8       |
| Reported Profit before Tax   | 57.8                                       | 97.7                                       | (40.8)      |

  

|                | Pence per Share | Pence per Share |        |
|----------------|-----------------|-----------------|--------|
| Basic EPS      | 6.85            | 11.57           | (40.8) |
| Underlying EPS | 8.52            | 5.76            | +48.0  |

  

|                                             |     |     |  |
|---------------------------------------------|-----|-----|--|
| Weighted Average number of Shares (million) | 568 | 568 |  |
|---------------------------------------------|-----|-----|--|

Underlying EBITDA for the period was £99.1 million, compared to £89.8 million in the corresponding period last year.

The Directors believe that underlying EBITDA, underlying profit before tax and underlying earnings per share provide the most useful information for shareholders on the underlying performance of the business, and are consistent with how business performance is measured internally. They are not recognised profit measures under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

EBITDA is earnings before investment income, finance income and finance costs, tax, depreciation and amortisation and therefore includes the Group's share of profit of associated undertakings and joint ventures. Underlying EBITDA is calculated as EBITDA before exceptional items, profit/loss on sale and derecognition of strategic investments and realised profits/losses on foreign exchange.

### Revenue and margin

| Revenue                | 26 weeks ended<br>25 October 2009<br>(£'m) | 26 weeks ended<br>26 October 2008<br>(£'m) | Change<br>% |
|------------------------|--------------------------------------------|--------------------------------------------|-------------|
| <b>Retail</b>          |                                            |                                            |             |
| UK retail              | 586.0                                      | 510.1                                      | +14.9       |
| UK wholesale and other | 12.2                                       | 7.9                                        | +54.4       |
| International retail   | 63.6                                       | 51.8                                       | +22.8       |
| Total retail revenue   | 661.8                                      | 569.8                                      | +16.1       |
| <b>Brands</b>          |                                            |                                            |             |
| Wholesale              | 83.6                                       | 105.6                                      | (20.8)      |
| Licensing              | 11.5                                       | 12.3                                       | (6.5)       |
| Total brands revenue   | 95.1                                       | 117.9                                      | (19.3)      |

Total Group revenues increased 10.1%.

Retail revenues increased 16.1%. The UK accounted for 90.4% of total retail revenues with the balance in Continental European stores.

Retail gross margin in the UK decreased from 45.4% to 41.6%.

Selling and distribution costs have always been closely monitored. Labour costs are geared to financial performance with flexible staffing schedules, and initiatives to drive costs from the business have been effective, including reductions in energy consumption.

Our representation in both parts of Ireland is covered by Heatons, in which we have an interest, the results of which are reported as an associate.

Brands revenues decreased 19.3%. Licensing income decreased 6.5%, with wholesale revenues down 20.8%.

Brands gross margin increased from 37.1% to 37.3%.

#### Foreign exchange

The Group manages some of the impact of currency movements through the use of forward fixed rate currency purchase and sales contracts. The Group's policy is to hold or hedge some anticipated purchases in foreign currency.

The exchange loss of £43.9m included in administration costs has arisen from:

- (a) accepting dollars and euros at the contracted rate; and
- (b) the translation of dollars and dollar denominated assets and liabilities at the period end rate.

The exchange gain of £28.5m (2009 H1: £88.5m) included in finance income substantially represents the reversal of the provision made (under IFRS) for the forward contracts at 26 April 2009.

The sterling exchange rate with the US dollar at 26 April 2009 was \$1.471 and \$1.631 at 25 October 2009.

The sterling exchange rate with the Euro at 26 April 2009 was €1.107 and €1.088 at 25 October 2009.

#### Finance income

|                                                             | <b>26 weeks ended<br/>25 October 2009</b> | <b>26 weeks ended<br/>26 October 2008</b> |
|-------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                                             | <b>(£'m)</b>                              | <b>(£'m)</b>                              |
| Bank interest receivable                                    | <b>0.4</b>                                | 0.5                                       |
| Expected return on pension plan assets                      | <b>0.8</b>                                | 1.0                                       |
| Fair value adjustment to forward foreign exchange contracts | <b>28.5</b>                               | 88.5                                      |
|                                                             | <b>29.7</b>                               | 90.0                                      |

The profit on the fair valuing of forward foreign exchange contracts arises under IFRS as a result of marking to market at the period end those contracts held to hedge the Group's currency risk, and reversal of the provision made in the previous period.

#### Finance costs

|                                            | <b>26 weeks ended<br/>25 October 2009</b> | <b>26 weeks ended<br/>26 October 2008</b> |
|--------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                            | <b>(£'m)</b>                              | <b>(£'m)</b>                              |
| Interest on bank loans and overdrafts      | <b>(4.5)</b>                              | (13.7)                                    |
| Interest on other loans                    | <b>(0.4)</b>                              | (0.8)                                     |
| Interest on retirement benefit obligations | <b>(1.2)</b>                              | (1.3)                                     |
|                                            | <b>(6.1)</b>                              | (15.8)                                    |

Loan and overdraft costs are directly linked to the base rate. As such, currently, we are benefitting from the current low base rate.

#### Taxation

The effective tax rate on profit before tax for 2010 H1 was 32.5% (2009 H1: 32.5%). This rate reflects the reduction in the value of the deferred tax asset, depreciation on non-qualifying assets and the non-relievable losses in certain overseas subsidiaries.

## Earnings

|                                   | <b>26 weeks ended<br/>25 October 2009<br/>Pence per share</b> | <b>26 weeks ended<br/>26 October 2008<br/>Pence per share</b> | <b>Change<br/>%</b> |
|-----------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------|
| Basic EPS                         | <b>6.85</b>                                                   | 11.57                                                         | -40.8               |
| Underlying EPS                    | <b>8.52</b>                                                   | 5.76                                                          | +48.0               |
| Weighted Average number of shares | <b>568,452,369</b>                                            | 568,452,369                                                   |                     |

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the actual financial period.

The underlying EPS reflects the underlying performance of the business compared with the prior period and is calculated using the weighted average number of shares. It is not a recognised profit measure under IFRS and may not be directly comparable with “adjusted” profit measures used by other companies.

The items adjusted for arriving at the underlying profit are as follows:

|                                                             | <b>26 weeks ended<br/>25 October 2009<br/>(£'m)</b> | <b>26 weeks ended<br/>26 October 2008<br/>(£'m)</b> |
|-------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Profit after tax:                                           | <b>38.9</b>                                         | <b>65.7</b>                                         |
| Post tax effect of                                          |                                                     |                                                     |
| Realised loss on forward foreign exchange contracts         | <b>29.7</b>                                         | <b>31.0</b>                                         |
| Fair value adjustment to forward foreign exchange contracts | <b>(19.2)</b>                                       | <b>(63.7)</b>                                       |
| Profit on disposal of listed investments                    | <b>(0.9)</b>                                        | <b>(0.3)</b>                                        |
| Underlying profit after tax                                 | <b>48.5</b>                                         | <b>32.7</b>                                         |

## Dividends

An interim dividend of 1.22p per share (totalling £6.94m) in respect of the year ended 26 April 2009, was paid on 30 April 2009 to shareholders on the register at 3 April 2009.

## Capital expenditure

Expenditure, including the acquisition of property, plant and equipment, amounted to £13.8m (2009 H1: £18.1m). No freehold properties were acquired in the period (2009 H1: £3.9m).

### Strategic investments

Changes in the value of these investments are recognised directly in equity in accordance with IFRS.

|                                                                | <b>25 October 2009</b> |
|----------------------------------------------------------------|------------------------|
|                                                                | <b>(£'m)</b>           |
| Total available-for-sale investments at 26 April 2009          | <b>5.5</b>             |
| Disposals                                                      | <b>(6.7)</b>           |
| Recycling adjustment for past fair value movements             | <b>1.2</b>             |
| <b>Total available-for-sale investments at 25 October 2009</b> | <b>Nil</b>             |

As reported in the 2009 annual report, we are not recognising our strategic stakes held by Kaupthing Singer & Friedlander (KSF) as we may not "control" the shares for accounting purposes.

We are in discussions with the administrators of KSF but recognise that ownership of the strategic stakes may have to be decided by the courts. We maintain that KSF will be required to deliver to us those shares that they hold.

The respective shareholdings at 25 October 2009 (not reflecting the derecognition for accounting purposes) were as follows:

|                         | <b>At 25 October 2009</b> |                |
|-------------------------|---------------------------|----------------|
|                         | <b>Shares 'm</b>          | <b>Holding</b> |
| Blacks Leisure Group    | 12.728                    | 29.89%         |
| Amer Sports Corporation | 1.066                     | 1.48%          |
| John David Group        | 6.475                     | 13.42%         |

### Cash flow and net debt

Net debt decreased from £431.3m at 26 April 2009 to £362.0m at 25 October 2009.

The analysis of debt at 25 October 2009 and at 26 April 2009 was as follows:

|                           | At 25 October 2009 | At 26 April 2009 |
|---------------------------|--------------------|------------------|
| Cash and cash equivalents | 26.5               | 32.4             |
| Borrowings                | (388.5)            | (463.7)          |
| Net debt                  | (362.0)            | (431.3)          |

### Cash Flow

|                                                            | 26 weeks ended<br>25 October 2009<br>(£'m) | 26 weeks ended<br>26 April 2009<br>(£'m) | 26 weeks ended<br>26 October 2008<br>(£'m) |
|------------------------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|
| Underlying EBITDA                                          | 99.1                                       | 47.0                                     | 89.8                                       |
| Realised profit/loss on forward foreign exchange contracts | (43.9)                                     | 57.3                                     | (43.1)                                     |
| Taxes paid                                                 | (22.6)                                     | (3.6)                                    | (21.7)                                     |
| Free cash flow                                             | 32.6                                       | 100.7                                    | 25.0                                       |
| Invested In:-                                              |                                            |                                          |                                            |
| Working capital – inventory                                | 37.1                                       | (49.7)                                   | 6.2                                        |
| Working capital – debtors, creditors & other               | 17.9                                       | 23.5                                     | (8.5)                                      |
| Acquisitions (including debt)                              | -                                          | (5.7)                                    | (0.9)                                      |
| Net proceeds from/ (investment in) investments             | 8.1                                        | (1.7)                                    | 10.6                                       |
| Derecognition of shares held by KSF                        | -                                          | 20.3                                     | -                                          |
| Capital expenditure                                        | (13.8)                                     | (19.1)                                   | (18.7)                                     |
| Equity dividend paid                                       | (6.9)                                      | (13.9)                                   | (11.7)                                     |
| Finance costs and other financing activities               | (5.7)                                      | (7.4)                                    | (15.1)                                     |
| Net decrease / (increase) in net debt                      | 69.3                                       | 47.0                                     | (13.1)                                     |

### Reconciliation of movement in equity

Total equity movement is as follows:

|                                                                         | <b>26 weeks ended<br/>25 October 2009<br/>(£'m)</b> |
|-------------------------------------------------------------------------|-----------------------------------------------------|
| Total equity at 26 April 2009                                           | <b>153.7</b>                                        |
| Profit after tax for the 26 weeks ended 25 October 2009                 | <b>38.9</b>                                         |
| Items taken directly to equity:                                         |                                                     |
| Actuarial loss on pension fund                                          | <b>(9.3)</b>                                        |
| Fair value adjustment in respect of available-for-sale financial assets | <b>1.2</b>                                          |
| Tax on items taken directly to equity                                   | <b>(0.3)</b>                                        |
|                                                                         | <b>(8.4)</b>                                        |
| Exchange differences on translation of foreign operations               | <b>(20.7)</b>                                       |
| <b>Total equity at 25 October 2009</b>                                  | <b>163.5</b>                                        |

### Pensions

The Group operates a number of closed defined benefit schemes in the Dunlop Slazenger Group of companies. The net deficit in these schemes increased from £12.3m at 26 April 2009 to £21.1m at 25 October 2009.

### Financial risks, systems and controls

The principal financial risks the Group faces are:

- Movement in interest rates on borrowings. The Group has not historically hedged this risk.
- Movement in currency exchange rates. A significant amount of the Group's purchases are in US dollars. The Group hedges some of the risks of such movements by using forward purchases of foreign currency. Certain of the Group's assets are held overseas in local currency and UK assets and liabilities are revalued in accordance with currency movements. This currency risk is not hedged.
- The possibility of a further deterioration of the economy both in the UK and worldwide and a further reduction in consumer confidence and retail spending, beyond that currently expected, which would impact on the performance of the business.

Funding and liquidity for the Group's operations are provided through bank loans and overdraft facilities and shareholders' funds. The objective is to maintain sufficient funding and liquidity for the Group's requirements.

The Group maintains a system of controls to manage the business and to protect its assets. We continue to invest in people, systems and in IT to manage the Group's operations and its finance effectively and efficiently.

**Bob Mellors**  
**Finance Director**

10 December 2009

## Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- The interim management report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events during the first 26 weeks of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining 26 weeks of the year; and
  - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Amounts due to and from related parties are disclosed in note 19.

The directors of Sports Direct International plc, other than Keith Hellowell, are listed in the Group's 2009 Annual Report and Financial Statements.

On 24<sup>th</sup> November 2009 Sports Direct International plc appointed Keith Hellowell a non-executive director and Chairman of the Board.

On behalf of the Board

Dave Forsey  
Chief Executive

Bob Mellors  
Finance Director

10 December 2009

**INDEPENDENT REVIEW REPORT TO SPORTS DIRECT INTERNATIONAL PLC  
FOR THE 26 WEEKS ENDED 25 OCTOBER 2009**

**Introduction**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 25 October 2009 which comprises the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity and the related notes. We have read the other information (the Chief Executive's Review, the Financial Review and the Group highlights) contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review 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 for our review work, for this report, or for the conclusion we have formed.

**Directors' Responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

**Our Responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 25 October 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

**Grant Thornton UK LLP**  
Chartered Accountants  
London

10 December 2009

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE 26 WEEKS ENDED 25 OCTOBER 2009

|                                                                                                        |       | 26 weeks<br>ended<br>25 October 2009 | 26 weeks<br>ended<br>26 October<br>2008 | 52 weeks<br>ended<br>26 April<br>2009 |
|--------------------------------------------------------------------------------------------------------|-------|--------------------------------------|-----------------------------------------|---------------------------------------|
|                                                                                                        | Notes | £'000                                | £'000                                   | £'000                                 |
| <b>Continuing operations:</b>                                                                          |       |                                      |                                         |                                       |
| <b>Revenue</b>                                                                                         | 2     | 756,898                              | 687,745                                 | 1,367,321                             |
| Cost of sales                                                                                          |       | (448,557)                            | (389,160)                               | (809,685)                             |
| <b>Gross profit</b>                                                                                    |       | 308,341                              | 298,585                                 | 557,636                               |
| Selling, distribution and administrative expenses                                                      |       | (234,187)                            | (238,167)                               | (477,538)                             |
| (Loss)/profit on forward foreign exchange contracts                                                    |       | (43,936)                             | (43,065)                                | 14,241                                |
| Other operating income                                                                                 |       | 1,196                                | 3,175                                   | 4,004                                 |
| Exceptional items                                                                                      |       | -                                    | -                                       | (30,514)                              |
| <b>Operating profit</b>                                                                                | 2     | 31,414                               | 20,528                                  | 67,829                                |
| Profit on disposal of available-for-sale financial assets                                              | 3     | 1,355                                | 449                                     | 1,035                                 |
| Reclassification of historic losses on available-for-sale financial assets                             | 3     | -                                    | -                                       | (53,156)                              |
| Dividend income from investments                                                                       | 3     | -                                    | 363                                     | 172                                   |
| Finance income                                                                                         | 4     | 29,683                               | 90,036                                  | 15,927                                |
| Finance costs                                                                                          | 5     | (6,077)                              | (15,758)                                | (23,633)                              |
| Share of profit of associated undertakings and joint ventures                                          |       | 1,434                                | 2,049                                   | 2,482                                 |
| <b>Profit before taxation</b>                                                                          |       | 57,809                               | 97,667                                  | 10,656                                |
| Taxation                                                                                               | 6     | (18,789)                             | (31,789)                                | (26,164)                              |
| <b>Profit/(loss) for the period</b>                                                                    | 2     | 39,020                               | 65,878                                  | (15,508)                              |
| <b>Attributable to:</b>                                                                                |       |                                      |                                         |                                       |
| Equity holders of the Group                                                                            |       | 38,930                               | 65,748                                  | (15,838)                              |
| Minority interests                                                                                     |       | 90                                   | 130                                     | 330                                   |
| <b>Profit for the period</b>                                                                           | 2     | 39,020                               | 65,878                                  | (15,508)                              |
| <b>Earnings per share from total and continuing operations attributable to the equity shareholders</b> |       |                                      |                                         |                                       |
|                                                                                                        |       | Pence per<br>share                   | Pence per<br>share                      | Pence per<br>share                    |
| <b>Basic earnings per share</b>                                                                        | 7     | 6.85                                 | 11.57                                   | (2.79)                                |
| <b>Diluted earnings per share</b>                                                                      | 7     | 6.46                                 | 11.57                                   | (2.79)                                |

The accompanying notes form an integral part of this financial report.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 26 WEEKS ENDED 25 OCTOBER 2009**

|                                                                            |              | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>26 weeks<br/>ended<br/>26 October<br/>2008</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> |
|----------------------------------------------------------------------------|--------------|---------------------------------------------------|---------------------------------------------------|-------------------------------------------------|
|                                                                            | <b>Notes</b> | <b>£'000</b>                                      | <b>£'000</b>                                      | <b>£'000</b>                                    |
| Profit/(loss) for the period                                               | 2            | 39,020                                            | 65,878                                            | (15,508)                                        |
| <b>Other comprehensive income</b>                                          |              |                                                   |                                                   |                                                 |
| Exchange differences on translation of foreign operations                  |              | (20,704)                                          | 25,038                                            | 44,654                                          |
| Actuarial (losses)/gains on defined benefit pension schemes                | 16           | (9,300)                                           | 1,789                                             | (449)                                           |
| Fair value adjustment in respect of available-for-sale financial assets    | 11           | 1,224                                             | (27,331)                                          | (28,586)                                        |
| Reclassification of historic losses on available-for-sale financial assets |              | -                                                 | -                                                 | 53,156                                          |
| Taxation on items taken directly to equity                                 |              | (348)                                             | 7,677                                             | (6,849)                                         |
| <b>Total comprehensive income for the period</b>                           |              | <b>9,892</b>                                      | <b>73,051</b>                                     | <b>46,418</b>                                   |
| <b>Attributable to:</b>                                                    |              |                                                   |                                                   |                                                 |
| Equity holders of the Parent                                               |              | 9,802                                             | 72,921                                            | 46,088                                          |
| Minority interests                                                         |              | 90                                                | 130                                               | 330                                             |
|                                                                            |              | <b>9,892</b>                                      | <b>73,051</b>                                     | <b>46,418</b>                                   |

The accompanying notes form an integral part of this financial report.

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 25 OCTOBER 2009

|                                                           |       | 25 October<br>2009 | 26 October<br>2008 | 26 April<br>2009 |
|-----------------------------------------------------------|-------|--------------------|--------------------|------------------|
|                                                           | Notes | £'000              | £'000              | £'000            |
| <b>ASSETS</b>                                             |       |                    |                    |                  |
| <b>Non-current assets</b>                                 |       |                    |                    |                  |
| Property, plant and equipment                             | 9     | 289,408            | 319,475            | 295,795          |
| Intangible assets                                         | 10    | 209,732            | 218,309            | 221,958          |
| Investments in associated undertakings and joint ventures |       | 31,420             | 30,386             | 32,379           |
| Available-for-sale financial assets                       | 11    | —                  | 30,498             | 5,467            |
| Deferred tax assets                                       |       | 6,098              | 4,978              | 15,468           |
|                                                           |       | <u>536,658</u>     | <u>603,646</u>     | <u>571,067</u>   |
| <b>Current assets</b>                                     |       |                    |                    |                  |
| Inventories                                               |       | 225,211            | 212,609            | 262,263          |
| Trade and other receivables                               |       | 107,570            | 119,784            | 111,932          |
| Derivative financial assets                               | 17    | —                  | 40,818             | —                |
| Cash and cash equivalents                                 |       | 26,514             | 43,331             | 32,358           |
|                                                           |       | <u>359,295</u>     | <u>416,542</u>     | <u>406,553</u>   |
| <b>TOTAL ASSETS</b>                                       |       | <u>895,953</u>     | <u>1,020,188</u>   | <u>977,620</u>   |
| <b>EQUITY AND LIABILITIES</b>                             |       |                    |                    |                  |
| Share capital                                             | 12    | 64,045             | 64,045             | 64,045           |
| Share premium                                             | 13    | 874,300            | 874,300            | 874,300          |
| Treasury shares                                           |       | (85,088)           | (85,088)           | (85,083)         |
| Permanent contribution to capital                         | 13    | 50                 | 50                 | 50               |
| Capital redemption reserve                                | 13    | 8,005              | 8,005              | 8,005            |
| Foreign currency translation reserve                      |       | 27,876             | 28,964             | 48,580           |
| Reverse combination reserve                               | 13    | (987,312)          | (987,312)          | (987,312)        |
| Own share reserve                                         |       | (6,094)            | (6,094)            | (6,094)          |
| Retained earnings                                         |       | 264,470            | 301,218            | 233,964          |
|                                                           |       | <u>160,252</u>     | <u>198,088</u>     | <u>150,450</u>   |
| Minority interests                                        | 14    | 3,222              | 2,804              | 3,232            |
| <b>Total equity</b>                                       |       | <u>163,474</u>     | <u>200,892</u>     | <u>153,682</u>   |
| <b>Non-current liabilities</b>                            |       |                    |                    |                  |
| Other payables                                            |       | 2,196              | 3,528              | 2,656            |
| Borrowings                                                | 15    | 4,093              | 15,214             | 4,173            |
| Retirement benefit obligations                            | 16    | 21,115             | 10,015             | 12,324           |
| Deferred tax liabilities                                  |       | 32,229             | 29,673             | 33,490           |
| Provisions                                                |       | 37,896             | 27,967             | 36,419           |
|                                                           |       | <u>97,529</u>      | <u>86,397</u>      | <u>89,602</u>    |
| <b>Current liabilities</b>                                |       |                    |                    |                  |
| Derivative financial liabilities                          | 17    | 6,522              | —                  | 34,993           |
| Trade and other payables                                  |       | 227,815            | 207,643            | 209,739          |
| Borrowings                                                | 15    | 384,448            | 506,385            | 458,899          |
| Current tax liabilities                                   |       | 16,165             | 18,871             | 30,705           |
|                                                           |       | <u>634,950</u>     | <u>732,899</u>     | <u>734,336</u>   |
| <b>Total liabilities</b>                                  |       | <u>732,479</u>     | <u>819,296</u>     | <u>823,938</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |       | <u>895,953</u>     | <u>1,020,188</u>   | <u>977,620</u>   |

The accompanying notes form an integral part of this financial report.

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE 26 WEEKS ENDED 25 OCTOBER 2009**

|                                                                                  |       | 26 weeks<br>ended<br>25 October<br>2009 | 26 weeks<br>ended<br>26 October<br>2008 | 52 weeks<br>ended<br>26 April<br>2009 |
|----------------------------------------------------------------------------------|-------|-----------------------------------------|-----------------------------------------|---------------------------------------|
|                                                                                  | Notes |                                         |                                         | £'000                                 |
| <b>Cash inflow from operating activities</b>                                     | 18    | 108,865                                 | 44,000                                  | 117,470                               |
| Income taxes paid                                                                |       | (22,558)                                | (21,687)                                | (25,305)                              |
| <b>Net cash inflow from operating activities</b>                                 |       | <u>86,307</u>                           | <u>22,313</u>                           | <u>92,165</u>                         |
| <b>Cash flow from investing activities</b>                                       |       |                                         |                                         |                                       |
| Proceeds on disposal of property, plant and equipment                            |       | 25                                      | 2,312                                   | 3,002                                 |
| Proceeds on disposal of listed investments                                       |       | 8,041                                   | 13,221                                  | 13,807                                |
| Derecognition of listed investments                                              |       | —                                       | —                                       | 20,298                                |
| Purchase of subsidiaries, net of cash acquired                                   |       | —                                       | (927)                                   | (6,608)                               |
| Purchase of intangible assets                                                    |       | (3,283)                                 | (650)                                   | (3,958)                               |
| Purchase of property, plant and equipment                                        |       | (10,501)                                | (18,082)                                | (33,872)                              |
| Purchase of listed investments                                                   |       | —                                       | (4,887)                                 | (4,887)                               |
| Investment income received                                                       |       | 1,250                                   | 613                                     | 2,088                                 |
| <b>Net cash outflow from investing activities</b>                                |       | <u>(4,468)</u>                          | <u>(8,400)</u>                          | <u>(10,130)</u>                       |
| <b>Cash flow from financing activities</b>                                       |       |                                         |                                         |                                       |
| Finance income received                                                          |       | 400                                     | 524                                     | 1,161                                 |
| Finance costs paid                                                               |       | (6,077)                                 | (15,758)                                | (23,633)                              |
| Net (repayments of)/increase in borrowings                                       |       | (7,321)                                 | 182                                     | 1,745                                 |
| Equity dividend paid                                                             | 8     | (6,935)                                 | (11,710)                                | (25,580)                              |
| <b>Net cash outflow from financing activities</b>                                |       | <u>(19,933)</u>                         | <u>(26,762)</u>                         | <u>(46,307)</u>                       |
| <b>Net increase/(decrease) in cash and cash equivalents including overdrafts</b> |       | 61,906                                  | (12,849)                                | 35,728                                |
| <b>Cash and cash equivalents including overdrafts at beginning of period</b>     |       | <u>(410,325)</u>                        | <u>(446,053)</u>                        | <u>(446,053)</u>                      |
| <b>Cash and cash equivalents including overdrafts at the period end</b>          |       | <u>(348,419)</u>                        | <u>(458,902)</u>                        | <u>(410,325)</u>                      |

The accompanying notes form an integral part of this financial report.

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 26 WEEKS ENDED 25 OCTOBER 2009**

|                                                                                | Treasury<br>shares<br>£'000 | Foreign<br>currency<br>translation<br>£'000 | Own<br>share<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Other<br>reserves<br>£'000 | Sub-<br>total<br>£'000 | Minority<br>interests<br>£'000 | Total<br>£'000  |
|--------------------------------------------------------------------------------|-----------------------------|---------------------------------------------|----------------------------------|-------------------------------|----------------------------|------------------------|--------------------------------|-----------------|
| At 27 April 2008                                                               | (201,483)                   | 3,926                                       | —                                | 363,636                       | (40,912)                   | 125,167                | 3,242                          | 128,409         |
| Treasury shares cancelled                                                      | 105,759                     | —                                           | —                                | (105,759)                     | —                          | —                      | —                              | —               |
| Market value of shares transferred to EBT                                      | 6,094                       | —                                           | (6,094)                          | —                             | —                          | —                      | —                              | —               |
| Difference between original cost and market value of shares transferred to EBT | 4,542                       | —                                           | —                                | (4,542)                       | —                          | —                      | —                              | —               |
| <b>Transactions with owners</b>                                                | <b>116,395</b>              |                                             | <b>(6,094)</b>                   | <b>(110,301)</b>              |                            |                        |                                |                 |
| Profit for the financial period                                                | —                           | —                                           | —                                | 65,748                        | —                          | 65,748                 | —                              | 65,748          |
| <b>Other comprehensive income</b>                                              |                             |                                             |                                  |                               |                            |                        |                                |                 |
| Income recognised directly in equity                                           | —                           | —                                           | —                                | (17,865)                      | —                          | (17,865)               | —                              | (17,865)        |
| Translation differences - group                                                | —                           | 24,903                                      | —                                | —                             | —                          | 24,903                 | —                              | 24,903          |
| Translation differences – associates                                           | —                           | 135                                         | —                                | —                             | —                          | 135                    | —                              | 135             |
| Share of profit for the period                                                 | —                           | —                                           | —                                | —                             | —                          | —                      | 130                            | 130             |
| Acquisitions                                                                   | —                           | —                                           | —                                | —                             | —                          | —                      | (568)                          | (568)           |
| <b>Total comprehensive income for the period</b>                               | <b>—</b>                    | <b>25,038</b>                               | <b>—</b>                         | <b>47,883</b>                 | <b>—</b>                   | <b>72,921</b>          | <b>(438)</b>                   | <b>72,483</b>   |
| At 26 October 2008                                                             | (85,088)                    | 28,964                                      | (6,094)                          | 301,218                       | (40,912)                   | 198,088                | 2,804                          | 200,892         |
| Dividends                                                                      | —                           | —                                           | —                                | (20,805)                      | —                          | (20,805)               | —                              | (20,805)        |
| <b>Transactions with owners</b>                                                | <b>—</b>                    |                                             |                                  | <b>(20,805)</b>               |                            | <b>(20,805)</b>        |                                | <b>(20,805)</b> |
| Loss for the financial period                                                  | —                           | —                                           | —                                | (81,586)                      | —                          | (81,586)               | —                              | (81,586)        |
| <b>Other comprehensive income</b>                                              |                             |                                             |                                  |                               |                            |                        |                                |                 |
| Income recognised directly in equity                                           | —                           | —                                           | —                                | 35,137                        | —                          | 35,137                 | —                              | 35,137          |
| Translation differences - group                                                | —                           | 16,390                                      | —                                | —                             | —                          | 16,390                 | —                              | 16,390          |
| Translation differences – associates                                           | —                           | 3,226                                       | —                                | —                             | —                          | 3,226                  | —                              | 3,226           |
| Share of profit for the period                                                 | —                           | —                                           | —                                | —                             | —                          | —                      | 200                            | 200             |
| Acquisitions                                                                   | —                           | —                                           | —                                | —                             | —                          | —                      | 228                            | 228             |
| <b>Total comprehensive income for the period</b>                               | <b>—</b>                    | <b>19,616</b>                               | <b>—</b>                         | <b>(46,449)</b>               | <b>—</b>                   | <b>(26,833)</b>        | <b>428</b>                     | <b>(26,405)</b> |
| At 26 April 2009                                                               | (85,088)                    | 48,580                                      | (6,094)                          | 233,964                       | (40,912)                   | 150,450                | 3,232                          | 153,682         |
| Profit for the financial period                                                | —                           | —                                           | —                                | 38,930                        | —                          | 38,930                 | —                              | 38,930          |
| <b>Other comprehensive income</b>                                              |                             |                                             |                                  |                               |                            |                        |                                |                 |
| Income recognised directly in equity                                           | —                           | —                                           | —                                | (8,424)                       | —                          | (8,424)                | —                              | (8,424)         |
| Translation differences - group                                                | —                           | (19,561)                                    | —                                | —                             | —                          | (19,561)               | —                              | (19,561)        |
| Translation differences – associates                                           | —                           | (1,143)                                     | —                                | —                             | —                          | (1,143)                | —                              | (1,143)         |
| Share of loss for the period                                                   | —                           | —                                           | —                                | —                             | —                          | —                      | (10)                           | (10)            |
| <b>Total comprehensive income for the period</b>                               | <b>—</b>                    | <b>(20,704)</b>                             | <b>—</b>                         | <b>30,506</b>                 | <b>—</b>                   | <b>9,802</b>           | <b>(10)</b>                    | <b>9,792</b>    |
| At 25 October 2009                                                             | (85,088)                    | 27,876                                      | (6,094)                          | 264,470                       | (40,912)                   | 160,252                | 3,222                          | 163,474         |

The Company holds 64,000,000 ordinary shares in Treasury.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates.

## **NOTES TO THE FINANCIAL INFORMATION FOR THE 26 WEEKS ENDED 25 OCTOBER 2009**

### **1. General information and basis of preparation**

The results for the first half of the financial year have not been audited and are prepared on the basis of the accounting policies set out in the Group's 2009 Annual Report and Financial Statements. The financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority (DTR) and with International Accounting Standard (IAS) 34 - "Interim Financial Reporting" as endorsed by the European Union. The principal accounting policies have remained unchanged from the prior financial information for the 52 weeks ended April 2009, except for the adoption of IAS1 (revised 2007) and IFRS 8. The adoption of IAS 1 (revised 2007) does not affect the financial position or profits of the Group but does give rise to additional disclosures. The measurement and recognition of the Group's income and expenditure is unchanged. IFRS 8 has been adopted and segments are identified based on the internal management reports used by the Board. This consolidated financial information for the period does not constitute statutory financial statements within the meaning of s434 of the Companies Act 2006.

The summary of results for the 52 weeks ended 26 April 2009 is an extract from the published Annual Report and Financial Statements which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

### **Principal risks and uncertainties**

The principal risks and uncertainties which could impact the Group's long-term performance remain those identified on page 40 of the Group's 2009 Annual Report and Financial Statements. The Chief Executive and Finance Director's Review in this half-yearly financial report includes a commentary of the principal risks and uncertainties affecting the Group for the remaining six months of the year.

## 2. Segmental analysis

### Operating segments

For management purposes the Group is organised into, and reports its performance between, two operating segments; Retail and Brands. The Retail business segment comprises the retail network of stores and the Brands business segment comprises the identification, acquisition, development and trading of a portfolio of internationally recognised sports and leisure brands.

Segment information about the operating segments is presented below:

Segmental information for the 26 weeks ended 25 October 2009:

|                                                                | Retail    |                   |          | Brands               |         |           | Eliminations | Total   |           |          |
|----------------------------------------------------------------|-----------|-------------------|----------|----------------------|---------|-----------|--------------|---------|-----------|----------|
|                                                                | UK retail | UK                |          | International retail | Total   | Wholesale |              |         | Licensing | Total    |
|                                                                |           | wholesale & other | UK total |                      |         |           |              |         |           |          |
|                                                                | £'000     | £'000             | £'000    | £'000                | £'000   | £'000     | £'000        | £'000   |           |          |
| Sales to external customers                                    | 585,925   | 12,246            | 598,171  | 63,584               | 661,755 | 83,609    | 11,534       | 95,143  | -         | 756,898  |
| Sales to other segments                                        | -         | 2,274             | 2,274    | 104                  | 2,378   | 8,381     | -            | 8,381   | (10,759)  | -        |
| Revenue                                                        | 585,925   | 14,520            | 600,445  | 63,688               | 664,133 | 91,990    | 11,534       | 103,524 | (10,759)  | 756,898  |
| Gross profit                                                   |           |                   | 245,026  | 27,605               | 272,631 |           |              | 35,710  | -         | 308,341  |
| Operating profit before foreign exchange and exceptional items |           |                   | 64,281   | 4,100                | 68,381  |           |              | 6,969   | -         | 75,350   |
| Operating profit                                               |           |                   |          |                      |         |           |              |         |           | 31,414   |
| Investment income                                              |           |                   |          |                      |         |           |              |         |           | 1,355    |
| Finance income                                                 |           |                   |          |                      |         |           |              |         |           | 29,683   |
| Finance costs                                                  |           |                   |          |                      |         |           |              |         |           | (6,077)  |
| Share of profits of associated undertakings and joint ventures |           |                   |          |                      |         |           |              |         |           | 1,434    |
| Profit before taxation                                         |           |                   |          |                      |         |           |              |         |           | 57,809   |
| Taxation                                                       |           |                   |          |                      |         |           |              |         |           | (18,789) |
| Profit for the period                                          |           |                   |          |                      |         |           |              |         |           | 39,020   |

Sales to other segments are priced at cost plus a 10% mark-up.

UK Retail costs includes a £4.7m charge for the Bonus Share Scheme.

Other segment items included in the income statement for the 26 weeks ended 25 October 2009:

|              | <b>Retail</b> | <b>Brands</b> | <b>Total</b> |
|--------------|---------------|---------------|--------------|
|              | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b> |
| Depreciation | 19,754        | 1,094         | 20,848       |
| Amortisation | 192           | 1,241         | 1,433        |

Information regarding segment assets and liabilities as at 25 October 2009 and capital expenditure for the 26 weeks then ended:

|                                                           | <b>Retail</b> | <b>Brands</b> | <b>Eliminations</b> | <b>Total</b> |
|-----------------------------------------------------------|---------------|---------------|---------------------|--------------|
|                                                           | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>        | <b>£'000</b> |
| Investments in associated undertakings and joint ventures | 24,122        | 7,298         | -                   | 31,420       |
| Other assets                                              | 724,642       | 253,684       | (113,793)           | 864,533      |
| Total assets                                              | 748,764       | 260,982       | (113,793)           | 895,953      |
| Total liabilities                                         | (603,725)     | (242,547)     | 113,793             | (732,479)    |
| Tangible asset additions                                  | 10,393        | 108           | -                   | 10,501       |
| Intangible asset additions                                | 832           | 2,451         | -                   | 3,283        |
| Total capital expenditure                                 | 11,225        | 2,559         | -                   | 13,784       |

Segmental information for the 26 weeks ended 26 October 2008:

|                                                                | Retail    |                      |          |                      | Brands  |           |           | Eliminations | Total   |          |
|----------------------------------------------------------------|-----------|----------------------|----------|----------------------|---------|-----------|-----------|--------------|---------|----------|
|                                                                | UK retail | UK wholesale & other | UK total | International retail | Total   | Wholesale | Licensing | Total        |         |          |
|                                                                | £'000     | £'000                | £'000    | £'000                | £'000   | £'000     | £'000     | £'000        | £'000   |          |
| Sales to external customers                                    | 510,153   | 7,852                | 518,005  | 51,827               | 569,832 | 105,620   | 12,293    | 117,913      | -       | 687,745  |
| Sales to other segments                                        | -         | 2,274                | 2,274    | -                    | 2,274   | 4,611     | -         | 4,611        | (6,885) | -        |
| Revenue                                                        | 510,153   | 10,126               | 520,279  | 51,827               | 572,106 | 110,231   | 12,293    | 122,524      | (6,885) | 687,745  |
| Gross profit                                                   |           |                      | 232,287  | 22,587               | 254,874 |           |           | 43,711       | -       | 298,585  |
| Operating profit before foreign exchange and exceptional items |           |                      | 54,010   | 2,879                | 56,889  |           |           | 6,704        | -       | 63,593   |
| Operating profit                                               |           |                      |          |                      |         |           |           |              |         | 20,528   |
| Investment income                                              |           |                      |          |                      |         |           |           |              |         | 812      |
| Finance income                                                 |           |                      |          |                      |         |           |           |              |         | 90,036   |
| Finance costs                                                  |           |                      |          |                      |         |           |           |              |         | (15,758) |
| Share of profits of associated undertakings and joint ventures |           |                      |          |                      |         |           |           |              |         | 2,049    |
| Profit before taxation                                         |           |                      |          |                      |         |           |           |              |         | 97,667   |
| Taxation                                                       |           |                      |          |                      |         |           |           |              |         | (31,789) |
| Profit for the period                                          |           |                      |          |                      |         |           |           |              |         | 65,878   |

Sales to other segments are priced at cost plus a 10% mark-up.

Other segment items included in the income statement for the 26 weeks ended 26 October 2008:

|              | <b>Retail</b> | <b>Brands</b> | <b>Total</b> |
|--------------|---------------|---------------|--------------|
|              | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b> |
| Depreciation | 21,541        | 1,053         | 22,594       |
| Amortisation | 195           | 1,355         | 1,550        |

Information regarding segment assets and liabilities as at 26 October 2008 and capital expenditure for the 26 weeks then ended:

|                                                           | <b>Retail</b> | <b>Brands</b> | <b>Eliminations</b> | <b>Total</b> |
|-----------------------------------------------------------|---------------|---------------|---------------------|--------------|
|                                                           | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b>        | <b>£'000</b> |
| Investments in associated undertakings and joint ventures | 23,188        | 7,198         | -                   | 30,386       |
| Other assets                                              | 851,134       | 448,671       | (310,003)           | 989,802      |
| Total assets                                              | 874,322       | 455,869       | (310,003)           | 1,020,188    |
| Total liabilities                                         | (719,139)     | (410,160)     | 310,003             | (819,296)    |
| Tangible asset additions                                  | 17,714        | 368           | -                   | 18,082       |
| Intangible asset additions                                | 294           | 356           | -                   | 650          |
| Total capital expenditure                                 | 18,008        | 724           | -                   | 18,732       |

Segmental information for the 52 weeks ended 26 April 2009:

|                                                                    | Retail    |                      |           |                      | Brands    |           | Eliminations | Total   |           |
|--------------------------------------------------------------------|-----------|----------------------|-----------|----------------------|-----------|-----------|--------------|---------|-----------|
|                                                                    | UK retail | UK wholesale & other | UK total  | International retail | Total     | Wholesale |              |         | Licensing |
|                                                                    | £'000     | £'000                | £'000     | £'000                | £'000     | £'000     | £'000        | £'000   | £'000     |
| Sales to external customers                                        | 1,006,462 | 28,019               | 1,034,481 | 102,329              | 1,136,810 | 203,566   | 26,945       | 230,511 | 1,367,321 |
| Sales to other segments                                            | —         | 2,274                | 2,274     | 361                  | 2,635     | 18,248    | -            | 18,248  | (20,883)  |
| Revenue                                                            | 1,006,462 | 30,293               | 1,036,755 | 102,690              | 1,139,445 | 221,814   | 26,945       | 248,759 | (20,883)  |
| Gross profit                                                       |           |                      | 424,677   | 44,625               | 469,302   |           |              | 88,334  | —         |
| Operating profit before foreign exchange and exceptional items     |           |                      | 69,810    | 2,098                | 71,908    |           |              | 12,194  | —         |
| Operating profit                                                   |           |                      | 58,186    | 2,521                | 60,707    |           |              | 7,122   | —         |
| Profit on disposal of available-for-sale financial assets          |           |                      |           |                      |           |           |              |         | 1,035     |
| Transfer of historic losses on available-for-sale financial assets |           |                      |           |                      |           |           |              |         | (53,156)  |
| Investment income                                                  |           |                      |           |                      |           |           |              |         | 172       |
| Finance income                                                     |           |                      |           |                      |           |           |              |         | 15,927    |
| Finance costs                                                      |           |                      |           |                      |           |           |              |         | (23,633)  |
| Share of profits of associated undertakings and joint ventures     |           |                      |           |                      |           |           |              |         | 2,482     |
| Profit before taxation                                             |           |                      |           |                      |           |           |              |         | 10,656    |
| Taxation                                                           |           |                      |           |                      |           |           |              |         | (26,164)  |
| Loss for the period                                                |           |                      |           |                      |           |           |              |         | (15,508)  |

Sales to other segments are priced at cost plus a 10% mark-up.

Other segment items included in the income statement for the 52 weeks ended 26 April 2009

|              | <b>Retail</b> | <b>Brands</b> | <b>Total</b> |
|--------------|---------------|---------------|--------------|
|              | <b>£'000</b>  | <b>£'000</b>  | <b>£'000</b> |
| Depreciation | 43,230        | 2,312         | 45,542       |
| Amortisation | 388           | 2,556         | 2,944        |
| Impairment   | 21,262        | 9,252         | 30,514       |

Information regarding segment assets and liabilities as at 26 April 2009 and capital expenditure for the 52 weeks then ended:

|                                                           | <b>Retail</b>    | <b>Brands</b>    | <b>Eliminations</b> | <b>Total</b>     |
|-----------------------------------------------------------|------------------|------------------|---------------------|------------------|
|                                                           | <b>£'000</b>     | <b>£'000</b>     | <b>£'000</b>        | <b>£'000</b>     |
| Investments in associated undertakings and joint ventures | 24,970           | 7,409            | —                   | 32,379           |
| Other assets                                              | 780,938          | 481,001          | (316,698)           | 945,241          |
| <b>Total assets</b>                                       | <b>805,908</b>   | <b>488,410</b>   | <b>(316,698)</b>    | <b>977,620</b>   |
| <b>Total liabilities</b>                                  | <b>(734,906)</b> | <b>(405,730)</b> | <b>316,698</b>      | <b>(823,938)</b> |
| Tangible asset additions                                  | 33,343           | 529              | —                   | 33,872           |
| Intangible asset additions                                | 2,837            | 1,121            | —                   | 3,958            |
| <b>Total capital expenditure</b>                          | <b>36,180</b>    | <b>1,650</b>     | <b>—</b>            | <b>37,830</b>    |

### Geographic segments

The Group operates in two geographic segments; UK and Non-UK. These geographic segments are presented below:

#### Segmental information for the 26 weeks ended 25 October 2009:

|                                           | UK      | Non-UK  | Unallocated | Eliminations | Total   |
|-------------------------------------------|---------|---------|-------------|--------------|---------|
|                                           | £'000   | £'000   | £'000       | £'000        | £'000   |
| Segmental revenue from external customers | 622,384 | 134,514 | —           | —            | 756,898 |
| Total capital expenditure                 | 11,231  | 2,553   | —           | —            | 13,784  |
| Segmental assets                          | 763,475 | 246,271 | —           | (113,793)    | 895,953 |

#### Segmental information for the 26 weeks ended 26 October 2008:

|                                           | UK        | Non-UK  | Unallocated | Eliminations | Total     |
|-------------------------------------------|-----------|---------|-------------|--------------|-----------|
|                                           | £'000     | £'000   | £'000       | £'000        | £'000     |
| Segmental revenue from external customers | 554,744   | 133,001 | —           | —            | 687,745   |
| Total capital expenditure                 | 14,109    | 4,623   | —           | —            | 18,732    |
| Segmental assets                          | 1,043,888 | 286,303 | —           | (310,003)    | 1,020,188 |

#### Segmental information for the 52 weeks ended 26 April 2009:

|                                           | UK        | Non-UK  | Unallocated | Eliminations | Total     |
|-------------------------------------------|-----------|---------|-------------|--------------|-----------|
|                                           | £'000     | £'000   | £'000       | £'000        | £'000     |
| Segmental revenue from external customers | 1,101,960 | 265,361 | —           | —            | 1,367,321 |
| Total capital expenditure                 | 29,263    | 8,567   | —           | —            | 37,830    |
| Segmental assets                          | 1,011,497 | 282,821 | —           | (316,698)    | 977,620   |

### 3. Investment income

|                                                                              | 26 weeks ended<br>25 October<br>2009 | 26 weeks ended<br>26 October<br>2008 | 52 weeks ended<br>26 April<br>2009 |
|------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|
|                                                                              | £'000                                | £'000                                | £'000                              |
| Profit on disposal of available-for-sale financial assets (Note 11)          | 1,355                                | 449                                  | 1,035                              |
| Transfer of historic losses on available-for-sale financial assets (Note 11) | —                                    | —                                    | (53,156)                           |
| Dividend income from investments                                             | —                                    | 363                                  | 172                                |

#### 4. Finance income

|                                                                                      | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>26 weeks<br/>ended<br/>26 October<br/>2008</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> |
|--------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|-------------------------------------------------|
|                                                                                      | <b>£'000</b>                                      | <b>£'000</b>                                      | <b>£'000</b>                                    |
| Bank interest receivable                                                             | 312                                               | 521                                               | 1,161                                           |
| Other interest receivable                                                            | 88                                                | 3                                                 | -                                               |
| Expected return on pension plan assets (Note 16)                                     | 812                                               | 1,056                                             | 2,121                                           |
| Fair value adjustment to forward foreign exchange contracts (Note 17) <sup>(1)</sup> | 28,471                                            | 88,456                                            | 12,645                                          |
|                                                                                      | <b>29,683</b>                                     | <b>90,036</b>                                     | <b>15,927</b>                                   |

<sup>(1)</sup>The fair value adjustment to forward foreign exchange contracts relates to favourable differences arising from the marking to market of forward foreign currency contracts at each period end.

#### 5. Finance costs

|                                                      | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>26 weeks<br/>ended<br/>26 October<br/>2008</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> |
|------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|-------------------------------------------------|
|                                                      | <b>£'000</b>                                      | <b>£'000</b>                                      | <b>£'000</b>                                    |
| Interest on bank loans and overdrafts                | 4,544                                             | 13,661                                            | 19,980                                          |
| Interest on other loans and finance leases           | 388                                               | 843                                               | 1,147                                           |
| Interest on retirement benefit obligations (Note 16) | 1,145                                             | 1,254                                             | 2,506                                           |
|                                                      | <b>6,077</b>                                      | <b>15,758</b>                                     | <b>23,633</b>                                   |

#### 6. Taxation

The tax charge on profit before tax (excluding the impact of exceptional items) has been calculated using an estimated effective annual rate of 32.5% (2009: 32.5%). This leaves an estimated tax charge of £18.8m for the 26 weeks ended 25 October 2009 (£31.8m for the 26 weeks ended 26 October 2008).

## 7. Earnings per share

### *Basic and diluted earnings per share*

|                                   | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>26 weeks<br/>ended<br/>26 October<br/>2008</b> | <b>26 weeks<br/>ended<br/>26 October<br/>2008</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> |
|-----------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
|                                   | <b>Basic<br/>£'000</b>                            | <b>Diluted<br/>£'000</b>                          | <b>Basic<br/>£'000</b>                            | <b>Diluted<br/>£'000</b>                          | <b>Basic<br/>£'000</b>                          | <b>Diluted<br/>£'000</b>                        |
| Profit for the period             | 38,930                                            | 38,930                                            | 65,748                                            | 65,748                                            | (15,838)                                        | (15,838)                                        |
|                                   | Number in thousands                               |                                                   | Number in thousands                               |                                                   | Number in thousands                             |                                                 |
| Weighted average number of shares | 568,452                                           | 603,098                                           | 568,452                                           | 568,452                                           | 568,452                                         | 568,452                                         |
|                                   | Pence per share                                   |                                                   | Pence per share                                   |                                                   | Pence per share                                 |                                                 |
| Earnings per share                | 6.85                                              | 6.46                                              | 11.57                                             | 11.57                                             | (2.79)                                          | (2.79)                                          |

### *Underlying earnings per share*

The underlying earnings per share reflects the underlying performance of the business compared with the prior year and is calculated by dividing underlying earnings by the weighted average number of shares. Underlying earnings is used by management as a measure of profitability within the Group. Underlying earnings is defined as profit for the period attributable to equity holders of the parent for each financial period but excluding the post tax effect of realised foreign exchange in selling and administration costs, the IAS 39 fair value adjustment on forward currency contracts in finance income/costs, exceptional costs and the profit/loss on sale and derecognition of strategic investments.

The Directors believe that the underlying earnings before exceptional items and underlying earnings per share measures provide additional useful information for shareholders on the underlying performance of the business, and are consistent with how business performance is measured internally. Underlying earnings is not a recognised profit measure under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

|                                                                                    | 26 weeks ended<br>25 October<br>2009 | 26 weeks ended<br>25 October<br>2009 | 26 weeks ended<br>26 October<br>2008 | 26 weeks ended<br>26 October<br>2008 | 52 weeks ended<br>26 April<br>2009 | 52 weeks ended<br>26 April<br>2009 |
|------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
|                                                                                    | Basic<br>£'000                       | Diluted<br>£'000                     | Basic<br>£'000                       | Diluted<br>£'000                     | Basic<br>£'000                     | Diluted<br>£'000                   |
| Profit for the period                                                              | 38,930                               | 38,930                               | 65,748                               | 65,748                               | (15,838)                           | (15,838)                           |
| Post tax adjustments to profit for the period for the following exceptional items: |                                      |                                      |                                      |                                      |                                    |                                    |
| Realised loss/(gain) on forward foreign exchange contracts                         | 29,657                               | 29,657                               | 31,007                               | 31,007                               | (9,556)                            | (9,556)                            |
| Fair value adjustment to forward foreign exchange contracts                        | (19,218)                             | (19,218)                             | (63,688)                             | (63,688)                             | (8,485)                            | (8,485)                            |
| Profit on disposal of listed investments net of interest                           | (915)                                | (915)                                | (323)                                | (323)                                | (1,035)                            | (1,035)                            |
| Derecognition of listed investments (Not tax deductible)                           | -                                    | -                                    | -                                    | -                                    | 53,156                             | 53,156                             |
| Impairment of freehold property (Not tax deductible)                               | -                                    | -                                    | -                                    | -                                    | 15,682                             | 15,682                             |
| Impairment of intangible assets                                                    | -                                    | -                                    | -                                    | -                                    | 9,952                              | 9,952                              |
| Fair value adjustments within associated undertakings                              | -                                    | -                                    | -                                    | -                                    | 1,194                              | 1,194                              |
| Underlying profit for the period                                                   | 48,454                               | 48,454                               | 32,744                               | 32,744                               | 45,070                             | 45,070                             |
|                                                                                    |                                      |                                      | Number in thousands                  | Number in thousands                  | Number in thousands                |                                    |
| Weighted average number of shares                                                  | 568,452                              | 603,098                              | 568,452                              | 568,452                              | 568,452                            | 568,452                            |
|                                                                                    |                                      |                                      | Pence per share                      | Pence per share                      | Pence per share                    |                                    |
| Earnings per share                                                                 | 8.52                                 | 8.03                                 | 5.76                                 | 5.76                                 | 7.93                               | 7.93                               |

## 8. Dividends

An interim dividend of 1.22p per share, in respect of the year ended 26 April 2009, was paid on 30 April 2009 to shareholders on the register as at 3 April 2009.

## 9. Property, plant and equipment

|                                                | <b>Freehold<br/>land and<br/>buildings</b> | <b>Long<br/>leasehold<br/>property</b> | <b>Short<br/>leasehold<br/>property</b> | <b>Plant and<br/>equipment</b> | <b>Total</b>     |
|------------------------------------------------|--------------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------|------------------|
|                                                | <b>£'000</b>                               | <b>£'000</b>                           | <b>£'000</b>                            | <b>£'000</b>                   | <b>£'000</b>     |
| <b>Cost</b>                                    |                                            |                                        |                                         |                                |                  |
| At 26 April 2009                               | 123,597                                    | 11,060                                 | 108,221                                 | 292,223                        | 535,101          |
| Exchange differences                           | 377                                        | 104                                    | —                                       | 8,242                          | 8,723            |
| Additions                                      | 7                                          | 1                                      | 1,447                                   | 9,046                          | 10,501           |
| Eliminated on disposals                        | —                                          | —                                      | (79)                                    | (458)                          | (537)            |
| At 25 October 2009                             | <u>123,981</u>                             | <u>11,165</u>                          | <u>109,589</u>                          | <u>309,053</u>                 | <u>553,788</u>   |
| <b>Accumulated depreciation and impairment</b> |                                            |                                        |                                         |                                |                  |
| At 26 April 2009                               | (26,711)                                   | (3,950)                                | (40,375)                                | (168,270)                      | (239,306)        |
| Exchange differences                           | (82)                                       | 14                                     | 3                                       | (4,673)                        | (4,738)          |
| Charge for the period                          | (1,300)                                    | (173)                                  | (4,078)                                 | (15,297)                       | (20,848)         |
| Eliminated on disposals                        | —                                          | —                                      | 140                                     | 372                            | 512              |
| At 25 October 2009                             | <u>(28,093)</u>                            | <u>(4,109)</u>                         | <u>(44,310)</u>                         | <u>(187,868)</u>               | <u>(264,380)</u> |
| <b>Net book amount</b>                         |                                            |                                        |                                         |                                |                  |
| At 25 October 2009                             | <u>95,888</u>                              | <u>7,056</u>                           | <u>65,279</u>                           | <u>121,185</u>                 | <u>289,408</u>   |
| At 26 April 2009                               | <u>96,886</u>                              | <u>7,110</u>                           | <u>67,846</u>                           | <u>123,953</u>                 | <u>295,795</u>   |

## 10. Intangible assets

|                                    | <b>Goodwill</b> | <b>Trade marks<br/>and licences</b> | <b>Brands</b> | <b>Total</b> |
|------------------------------------|-----------------|-------------------------------------|---------------|--------------|
|                                    | <b>£'000</b>    | <b>£'000</b>                        | <b>£'000</b>  | <b>£'000</b> |
| <b>Cost</b>                        |                 |                                     |               |              |
| At 26 April 2009                   | 128,217         | 23,470                              | 87,946        | 239,633      |
| Exchange differences               | (6,472)         | 701                                 | (7,349)       | (13,120)     |
| Other additions                    | —               | 3,283                               | —             | 3,283        |
| Disposals                          | —               | (754)                               | —             | (754)        |
| At 25 October 2009                 | 121,745         | 26,700                              | 80,597        | 229,042      |
|                                    |                 |                                     |               |              |
|                                    | <b>Goodwill</b> | <b>Trade marks<br/>and licences</b> | <b>Brands</b> | <b>Total</b> |
|                                    | <b>£'000</b>    | <b>£'000</b>                        | <b>£'000</b>  | <b>£'000</b> |
| <b>Amortisation and impairment</b> |                 |                                     |               |              |
| At 26 April 2009                   | (9,917)         | (5,458)                             | (2,300)       | (17,675)     |
| Amortisation charge                | —               | (1,433)                             | —             | (1,433)      |
| Disposals                          | —               | 576                                 | —             | 576          |
| Exchange differences               | —               | (778)                               | —             | (778)        |
| At 25 October 2009                 | (9,917)         | (7,093)                             | (2,300)       | (19,310)     |
| <b>Net book amount</b>             |                 |                                     |               |              |
| At 25 October 2009                 | 111,828         | 19,607                              | 78,297        | 209,732      |
| At 26 April 2009                   | 118,300         | 18,012                              | 85,646        | 221,958      |

Amortisation and impairments are both charged to selling, distribution and administrative expenses in the Consolidated Income Statement.

The carrying value of those goodwill and brands that are considered to have an indefinite life are allocated to cash-generating units as follows:

|        | <b>Goodwill</b> | <b>Brands</b> |
|--------|-----------------|---------------|
|        | <b>£'000</b>    | <b>£'000</b>  |
| Retail | 13,809          | 834           |
| Brands | 98,019          | 77,463        |
|        | 111,828         | 78,297        |

The Group tests the carrying amount of goodwill and assets with an indefinite life annually for impairment or more frequently if there are indications that their carrying value might be impaired. The carrying amounts of other intangible assets are reviewed for impairment if there is an indication of impairment.

Impairment is calculated by comparing the carrying amounts to the value in use derived from discounted cash flow projections for the cash generating units to which the intangible assets are allocated.

## 11. Available-for-sale financial assets

|                                     | <b>25 October<br/>2009</b> | <b>26 October<br/>2008</b> | <b>26 April<br/>2009</b> |
|-------------------------------------|----------------------------|----------------------------|--------------------------|
|                                     | <b>£'000</b>               | <b>£'000</b>               | <b>£'000</b>             |
| Available-for-sale financial assets | -                          | 30,498                     | 5,467                    |

The fair value of the listed available-for-sale investments is based on bid quoted market prices at the balance sheet date.

The following table shows the aggregate movement in the Group's financial assets during the period:

|                                            | <b>26 October<br/>2009</b> | <b>26 October<br/>2008</b> | <b>26 April<br/>2009</b> |
|--------------------------------------------|----------------------------|----------------------------|--------------------------|
|                                            | <b>£'000</b>               | <b>£'000</b>               | <b>£'000</b>             |
| At beginning of period                     | 5,467                      | 65,714                     | 65,714                   |
| Additions                                  | -                          | 4,887                      | 4,887                    |
| Disposals                                  | (6,691)                    | (12,772)                   | (12,772)                 |
| Derecognition of investments held with KSF | -                          | -                          | (26,219)                 |
| Revaluation through the income statement   | 1,224                      | -                          | 2,443                    |
| Revaluation through equity                 | -                          | (27,331)                   | (28,586)                 |
| At end of period                           | -                          | 30,498                     | 5,467                    |

We have previously reported that some of our strategic stakes were held by Kaupthing Singer & Friedlander (KSF) and partly financed by them. On 8 October 2008, KSF went into administration and we are in dispute with the administrators concerning the ownership of the shares they hold. For accounting purposes the Group continues not to recognise the strategic investments held through Kaupthing Singer and Friedlander. However, we do still believe that the shares belong to us and will continue to present our case as such in the current legal proceedings.

## 12. Share capital

|                                                  | <b>25 October<br/>2009</b> |
|--------------------------------------------------|----------------------------|
|                                                  | <b>£'000</b>               |
| <b>Authorised</b>                                |                            |
| 999,500,010 ordinary shares of 10p each          | 99,950                     |
| 499,990 redeemable preference shares of 10p each | 50                         |
|                                                  | <u>100,000</u>             |
| <b>Allotted, called up and fully paid</b>        |                            |
| 640,452,369 ordinary shares of 10p each          | <u>64,045</u>              |

## 13. Other reserves

|                                      | <b>Share<br/>capital</b> | <b>Share<br/>premium</b> | <b>Permanent<br/>contribution to<br/>capital</b> | <b>Capital<br/>redemption<br/>reserve</b> | <b>Reverse<br/>combination<br/>reserve</b> | <b>Other<br/>reserves</b> |
|--------------------------------------|--------------------------|--------------------------|--------------------------------------------------|-------------------------------------------|--------------------------------------------|---------------------------|
|                                      | <b>£'000</b>             | <b>£'000</b>             | <b>£'000</b>                                     | <b>£'000</b>                              | <b>£'000</b>                               | <b>£'000</b>              |
| At 26 April 2009 and 25 October 2009 | 64,045                   | 874,300                  | 50                                               | 8,005                                     | (987,312)                                  | (40,912)                  |

The share premium account is used to record the excess proceeds over nominal value on the issue of shares.

## 14. Minority interests

|                              | <b>£'000</b> |
|------------------------------|--------------|
| At 26 April 2009             | 3,232        |
| Share of loss for the period | <u>(10)</u>  |
| At 25 October 2009           | <u>3,222</u> |

## 15. Borrowings

|                                  | <b>25 October<br/>2009</b> | <b>26 October<br/>2008</b> | <b>26 April<br/>2009</b> |
|----------------------------------|----------------------------|----------------------------|--------------------------|
|                                  | <b>£'000</b>               | <b>£'000</b>               | <b>£'000</b>             |
| <i>Non-current:</i>              |                            |                            |                          |
| Bank and other loans             | 3,498                      | 14,646                     | 4,090                    |
| Obligations under finance leases | 595                        | 568                        | 623                      |
|                                  | <u>4,093</u>               | <u>15,214</u>              | <u>4,713</u>             |
| <i>Current:</i>                  |                            |                            |                          |
| Bank overdrafts                  | 374,933                    | 502,233                    | 442,683                  |
| Bank and other loans             | 9,495                      | 4,029                      | 16,216                   |
| Obligations under finance leases | 20                         | 123                        | -                        |
|                                  | <u>384,448</u>             | <u>506,385</u>             | <u>458,899</u>           |
| <i>Total borrowings:</i>         |                            |                            |                          |
| Bank overdrafts                  | 374,933                    | 502,233                    | 442,683                  |
| Bank and other loans             | 12,993                     | 18,675                     | 20,306                   |
| Obligations under finance leases | 615                        | 691                        | 623                      |
|                                  | <u>388,541</u>             | <u>521,599</u>             | <u>463,612</u>           |

The maturity of the Group's bank and other loan borrowings other than overdrafts is as follows:

|                                      | <b>25 October<br/>2009</b> | <b>26 October<br/>2008</b> | <b>26 April<br/>2009</b> |
|--------------------------------------|----------------------------|----------------------------|--------------------------|
|                                      | <b>£'000</b>               | <b>£'000</b>               | <b>£'000</b>             |
| Borrowings are repayable as follows: |                            |                            |                          |
| Within one year                      | 9,515                      | 4,152                      | 19,629                   |
| Between one and two years            | 3,609                      | 14,733                     | 354                      |
| Between two and five years           | 363                        | 121                        | 613                      |
| After five years                     | 121                        | 360                        | 333                      |
|                                      | <u>13,608</u>              | <u>19,366</u>              | <u>20,929</u>            |
| Borrowings — Sterling                | 2,379                      | 4,021                      | 2,580                    |
| Borrowings — Other                   | 11,229                     | 15,345                     | 18,349                   |
|                                      | <u>13,608</u>              | <u>19,366</u>              | <u>20,929</u>            |

Loans are all on commercial variable rates of interest ranging between 0.6% and 2.5% over the base rate of the country within which the borrowing entity resides.

On 26 February 2007, four members of the Group, SportsDirect.com Retail Limited, Lillywhites Limited, Dunlop Slazenger Group Limited and Smith & Brooks Holdings Limited (the "Borrowers") entered into a committed working capital facility agreement with The Governor and Company of the Bank of Scotland (the "Working Capital Facility"). The Working Capital Facility is available to any of the Borrowers and may be drawn to an aggregate limit of £500.0 million. It is capable of being utilised by way of cash advances, letters of credit, guarantees, bonds and/or currency borrowings. The Working Capital Facility is available until 30 April 2011. Each Borrower is required to observe certain covenants, including undertakings relating to delivery of financial statements, and certain negative covenants, including in relation to creation of security and disposal of assets. The Working Capital Facility is secured by a debenture from each of the Borrowers and a composite guarantee from each of the non-dormant subsidiaries of SportsDirect.com Retail Limited.

We have previously reported that some of our strategic stakes were held by Kaupthing Singer & Friedlander (KSF) and partly financed by them. On 8 October 2008, KSF went into administration and we are in dispute with the administrators concerning the ownership of the shares they hold. For accounting purposes the Group continues not to recognise the strategic investments held through Kaupthing Singer and Friedlander. However, we do still believe that the shares belong to us and will continue to present our case as such in the current legal proceedings. Doing so had no impact on net assets as the value of the shares (£26,219,000) was replaced by a derecognition of a liability (£20,298,000 owed to KSF) and the recognition of a £5,921,000 receivable. This derecognition had resulted in the transfer of historic losses, previously recognised in the statement of recognised income and expense, of £53,156,000 into the income statement.

## 16. Retirement benefit obligations

The Group's defined benefit pension obligations relate to Dunlop Slazenger Group Holdings Limited ("DSGHL"), which was acquired on 28 January 2004. DSGHL operates a number of plans worldwide, the largest of which is of the funded defined benefit type. The Scheme is closed to new members.

The amounts for the current and previous four periods following the acquisition of DSGHL are as follows:

|                                            | <b>25 October<br/>2009</b> | <b>26 April<br/>2009</b> | <b>27 April<br/>2008</b> | <b>29 April<br/>2007</b> | <b>30 April<br/>2006</b> |
|--------------------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                            | <b>£'000</b>               | <b>£'000</b>             | <b>£'000</b>             | <b>£'000</b>             | <b>£'000</b>             |
| Total fair value of plan assets            | 30,791                     | 27,440                   | 32,706                   | 36,419                   | 32,829                   |
| Present value of plan liabilities          | (51,906)                   | (39,764)                 | (44,411)                 | (50,451)                 | (48,008)                 |
| Net plan obligations                       | (21,115)                   | (12,324)                 | (11,705)                 | (14,032)                 | (15,179)                 |
| Experience adjustments on plan liabilities | (12,017)                   | 5,887                    | 4,652                    | (1,620)                  | (1,354)                  |
| Experience adjustments on plan assets      | 2,717                      | (6,336)                  | (2,969)                  | 1,164                    | 257                      |

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income as at 25 October 2009 was an actuarial loss of £8,393,000 (26 April 2009: actuarial gain of £907,000).

There were no unrecognised actuarial gains or losses or past service costs as at 25 October 2009 or 26 April 2009.

Amounts recognised in the income statement are as follows:

|                                            | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> |
|--------------------------------------------|---------------------------------------------------|-------------------------------------------------|
|                                            | <b>£'000</b>                                      | <b>£'000</b>                                    |
| Current service cost                       | 6                                                 | 19                                              |
| Interest on retirement benefit obligations | 1,145                                             | 2,506                                           |
| Expected return on plan assets             | (812)                                             | (2,121)                                         |
|                                            | 339                                               | 404                                             |

The current service cost is included within cost of sales. The interest on retirement benefit obligations and the expected return on plan assets are included within finance costs and finance income respectively.

Amounts recognised in the statement of comprehensive income are as follows:

|                                              | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> |
|----------------------------------------------|---------------------------------------------------|-------------------------------------------------|
|                                              | <b>£'000</b>                                      | <b>£'000</b>                                    |
| Actual less expected return on assets        | 2,717                                             | (6,336)                                         |
| Actuarial gains relating to plan liabilities | (12,017)                                          | 5,887                                           |
|                                              | <u>(9,300)</u>                                    | <u>(449)</u>                                    |

The actual return on plan assets for the 26 weeks ended 25 October 2009 was a profit of £3,529,000.

The movements in the fair value of plan assets are as follows:

|                            | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> |
|----------------------------|---------------------------------------------------|-------------------------------------------------|
|                            | <b>£'000</b>                                      | <b>£'000</b>                                    |
| At the start of the period | 27,440                                            | 32,706                                          |
| Expected return            | 812                                               | 2,121                                           |
| Actuarial gain/(loss)      | 2,717                                             | (6,336)                                         |
| Employer contributions     | 709                                               | 1,382                                           |
| Employee contributions     | 8                                                 | 118                                             |
| Benefits paid out          | (895)                                             | (2,551)                                         |
| At the end of the period   | <u>30,791</u>                                     | <u>27,440</u>                                   |

The Group expects to contribute £1,263,000 to its defined benefit pension plans for the 52 weeks ending 25 April 2010.

The principal assumptions underlying the actuarial assessments of the present value of the plan liabilities are:

|                          | <b>25 October<br/>2009</b> | <b>26 April<br/>2009</b> |
|--------------------------|----------------------------|--------------------------|
|                          | <b>%</b>                   | <b>%</b>                 |
| Inflation rate           | 3.4                        | 2.9                      |
| Future salary increases  | n/a                        | n/a                      |
| Future pension increases | 3.4                        | 2.8                      |
| Discount rate            | 5.5                        | 6.9                      |

The movements in the present value of the plan liabilities are as follows:

|                            | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009</b> |
|----------------------------|---------------------------------------------------|-------------------------------------------------|
|                            | <b>£'000</b>                                      | <b>£'000</b>                                    |
| At the start of the period | (39,764)                                          | (44,411)                                        |
| Current service cost       | (6)                                               | (19)                                            |
| Interest cost              | (1,145)                                           | (2,506)                                         |
| Actuarial (loss)/gain      | (12,017)                                          | 5,887                                           |
| Employee contributions     | (8)                                               | (118)                                           |
| Benefits paid out          | 895                                               | 2,551                                           |
| Exchange gain/(loss)       | 139                                               | (1,148)                                         |
| At the end of the period   | <u>(51,906)</u>                                   | <u>(39,764)</u>                                 |

The net movements in the net present value of the plan liabilities were as follows:

|                                                        | <b>26 weeks<br/>ended<br/>25 October<br/>2009</b> | <b>26 weeks<br/>ended<br/>26 October<br/>2008</b> |
|--------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
|                                                        | <b>£'000</b>                                      | <b>£'000</b>                                      |
| Net liability at the start of the period               | (12,324)                                          | (11,705)                                          |
| Movement in fair value of plan assets                  | 3,351                                             | (5,266)                                           |
| Movements in the present value of the plan liabilities | <u>(12,142)</u>                                   | <u>4,647</u>                                      |
| Net liability at the end of the period                 | <u>(21,115)</u>                                   | <u>(12,324)</u>                                   |

## 17. Financial instruments

### (a) Derivatives: foreign currency forward purchase contracts

The most significant exposure to foreign exchange fluctuations relates to purchases made in foreign currencies, principally the US dollar. The Group's policy is to reduce substantially the risk associated with purchases denominated in foreign currencies by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The foreign exchange contracts do not meet the criteria for treatment as an effective hedge and accordingly any gain or loss is recognised immediately in the income statement.

The carrying values of forward foreign currency purchase contracts were as follows:

|                                                                       | 25 October<br>2009<br>£'000 | 26 October<br>2008<br>£'000 | 26 April<br>2009<br>£'000 |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|---------------------------|
| Fair value of derivative financial instruments — (liabilities)/assets | (6,522)                     | 40,818                      | (34,993)                  |

The sterling principal amounts of forward foreign currency purchase contracts and contracted forward rates were as follows:

|                     | 25 October<br>2009<br>£'000 | 26 October<br>2008<br>£'000 | 26 April<br>2009<br>£'000 |
|---------------------|-----------------------------|-----------------------------|---------------------------|
| US dollar purchases | 250,000                     | 600,000                     | 350,000                   |
| Contracted rates    | 1.51 – 1.66                 | 1.86 – 1.89                 | 1.46 – 1.88               |
| US dollar sales     | -                           | (397,000)                   | (250,000)                 |
| Contracted rates    | -                           | 1.92 – 1.94                 | 1.92 – 1.94               |
| Euro sales          | (54,303)                    | (183,746)                   | (202,179)                 |
| Contracted rates    | 1.09 – 1.14                 | 1.32 – 1.40                 | 1.08 – 1.40               |
| Euro purchases      | -                           | -                           | 223,662                   |
| Contracted rates    | -                           | -                           | 1.12-1.12                 |

Forward foreign currency purchase and sale contracts generally have a maturity at inception of approximately 12 months.

### (b) Sensitivity analysis

#### Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to US dollars and the Euro. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 5% increase and decrease in the US dollar/Sterling and Euro/Sterling exchange rates at the year end date, assuming all other variables remain unchanged. The figures have been calculated by comparing the fair values of outstanding foreign currency contracts at the current exchange rate to those if exchange rates moved as illustrated.

Positive figures represent an increase in profit or equity:

|                                   | Income statement            |                             |                           | Equity                      |                             |                           |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|
|                                   | 25 October<br>2009<br>£'000 | 26 October<br>2008<br>£'000 | 26 April<br>2009<br>£'000 | 25 October<br>2009<br>£'000 | 26 October<br>2008<br>£'000 | 26 April<br>2009<br>£'000 |
| <i>Sterling strengthens by 5%</i> |                             |                             |                           |                             |                             |                           |
| US dollar                         | (19,004)                    | (9,667)                     | (11,044)                  | (19,004)                    | (9,667)                     | (11,044)                  |
| Euro                              | 6,313                       | 8,750                       | 4,580                     | 6,313                       | 8,750                       | 4,580                     |
| <i>Sterling weakens by 5%</i>     |                             |                             |                           |                             |                             |                           |
| US dollar                         | 19,954                      | 10,150                      | 11,596                    | 19,954                      | 10,150                      | 11,596                    |
| Euro                              | (6,628)                     | (9,187)                     | (4,809)                   | (6,628)                     | (9,187)                     | (4,809)                   |

**18. Cash inflows from operating activities**

|                                                               | <b>26 weeks<br/>ended<br/>25 October<br/>2009<br/>£'000</b> | <b>26 weeks<br/>ended<br/>26 October<br/>2008<br/>£'000</b> | <b>52 weeks<br/>ended<br/>26 April<br/>2009<br/>£'000</b> |
|---------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------|
| Profit before taxation                                        | 57,809                                                      | 97,667                                                      | 10,656                                                    |
| Net finance (income)/costs                                    | (23,606)                                                    | (74,278)                                                    | 7,706                                                     |
| Derecognition of available-for-sale financial assets          | —                                                           | —                                                           | 53,156                                                    |
| Profit on disposal of available-for sale assets               | (1,355)                                                     | (449)                                                       | (1,035)                                                   |
| Investment income                                             | —                                                           | (363)                                                       | (172)                                                     |
| Share of profit of associated undertakings and joint ventures | (1,434)                                                     | (2,049)                                                     | (2,482)                                                   |
| Operating profit                                              | 31,414                                                      | 20,528                                                      | 67,829                                                    |
| Depreciation                                                  | 20,848                                                      | 22,594                                                      | 45,542                                                    |
| Amortisation charge                                           | 1,433                                                       | 1,550                                                       | 2,944                                                     |
| Impairment charge                                             | —                                                           | —                                                           | 30,514                                                    |
| Loss on disposal of intangibles                               | 79                                                          | 187                                                         | 195                                                       |
| Loss on disposal of subsidiary undertakings                   | —                                                           | —                                                           | 1                                                         |
| Defined benefit pension plan current service cost             | 121                                                         | 206                                                         | 395                                                       |
| Defined benefit pension plan employer contributions           | (709)                                                       | (615)                                                       | (1,225)                                                   |
| Operating cash inflow before changes in working capital       | 53,186                                                      | 44,450                                                      | 146,195                                                   |
| Decrease/(increase) in receivables                            | 4,362                                                       | (23,883)                                                    | (9,788)                                                   |
| Decrease/(increase) in inventories                            | 37,052                                                      | 6,154                                                       | (43,500)                                                  |
| Increase in payables                                          | 14,265                                                      | 17,279                                                      | 24,563                                                    |
| Cash inflows from operating activities                        | 108,865                                                     | 44,000                                                      | 117,470                                                   |

## 19. Related party transactions

The Group has taken advantage of the exemptions contained within IAS 24 - "Related Party Disclosures" from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

The Group entered into the following material transactions with related parties:

*26 weeks ended 25 October 2009*

| Related party                 | Relationship  | Sales<br>£'000 | Purchases<br>£'000 | Trade and<br>other<br>receivables<br>£'000 | Trade and<br>other<br>payables<br>£'000 |
|-------------------------------|---------------|----------------|--------------------|--------------------------------------------|-----------------------------------------|
| Heatons                       | Associate     | 12,324         | —                  | 4,063                                      | —                                       |
| No Fear International Limited | Joint venture | —              | —                  | —                                          | (1,970)                                 |
| M J W Ashley                  | Director      | —              | —                  | —                                          | (689)                                   |
| PBF International Limited     | Joint venture | —              | —                  | 550                                        | —                                       |

No interest was charged by M J W Ashley's on his director's account with the Group.

M J W Ashley leases certain properties to various companies in the Group which are operated as retail and distribution premises. A commercial rent is charged in respect of these leases.

Compensation paid to key management of the Group was £538,033, including pension contributions of £5,937.

*26 weeks ended 26 October 2008*

| Related party                 | Relationship  | Sales<br>£'000 | Purchases<br>£'000 | Trade and<br>other<br>receivables<br>£'000 | Trade and<br>other<br>payables<br>£'000 |
|-------------------------------|---------------|----------------|--------------------|--------------------------------------------|-----------------------------------------|
| Heatons                       | Associate     | 5,984          | —                  | 2,026                                      | —                                       |
| No Fear International Limited | Joint venture | —              | —                  | —                                          | (1,698)                                 |
| M J W Ashley                  | Director      | —              | —                  | —                                          | (599)                                   |
| PBF International Limited     | Joint venture | —              | —                  | 795                                        | —                                       |

No interest was charged by M J W Ashley's on his director's account with the Group.

M J W Ashley leases certain properties to various companies in the Group which are operated as retail and distribution premises. A commercial rent is charged in respect of these leases.

Compensation paid to key management of the Group was £517,705, including pension contributions of £7,228.

## **20. Contingent assets and liabilities**

As a matter of course the Group undertakes action in numerous parts of the world to protect its trade mark registrations and in connection with the Group's licensees. Such actions are usually resolved in the ordinary course of business. The Group is, however, party to a dispute and has provided for an amount representing the financial estimation of the potential loss if the outcome was not to be in its favour. The Group believes that to provide further information would be seriously prejudicial to the case.

## **21. Post balance sheet events**

No material post balance sheet events have occurred after 25 October 2009 to the date of this Interim Report.