17th December 2008

Sports Direct International plc
("Sports Direct", "the Group" or "the Company")

Interim Results
For the 26 weeks to 26 October 2008

Group Highlights

- Group revenue up 2.9% to £687.7m (2008 H1: £668.1m)
- Underlying EBITDA up 7.4% to £89.8m (2008 H1: £83.6m) (1)
- Underlying profit before tax up 3.0% to £51.8m (2008 H1: £50.3m) (1) (2)
- Underlying earnings per share up 19.5% to 5.76p (2008 H1: 4.82p) (1) (2)
- Reported profit before tax up 360.8% to £97.7m (2008 H1: £21.2m) (3)
- Net Foreign Exchange gain of £45.4m (2008 H1: £30.8m loss)
- Group margin increased by 10 basis points to 43.4% (2008 H1: 43.3%)
- Flexible business model proving robust in difficult trading environment:
  - Strengthened relationships with third party brands
  - Benefits of supply chain efficiencies
  - Tight control on costs
  - Prudent stock levels
- Net Debt increased from £465.2m (at 27 April 2008) to £478.3m
- Interim dividend 1.22p per share

(1) Underlying EBITDA, underlying profit before taxation and underlying EPS excludes realised foreign exchange in selling and administration costs, exceptional costs and the profit on sale 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 on sale of strategic investments and exceptional costs. There were no exceptional items in either the current or prior periods.

Dave Forsey, Chief Executive said:

"These are a solid set of results in what was a very tough trading period. These results reflect the resilience of our flexible business model and the focused approach towards the core principles of retailing.

"With the economic situation and trading environment likely to remain extremely difficult, our back to basics strategy is working for us and we will continue to strengthen our position across all key areas such as product offer, supply chain efficiencies and cost control, and ensure that we are best placed for a market recovery when it happens. The Board remains comfortable with underlying EBITDA expectations of £135m for the full year 2009."

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Dave Forsey, Chief Executive
Bob Mellors, Group Finance Director

Financial Dynamics T: 0207 831 3113
Jonathon Brill

Chairman's Statement

Trading conditions have remained challenging, and the home nations' failure to qualify for Euro 2008 continued to impact the Group in the first half of FY2009. However, the Group remains strongly profitable.

The Board took steps during the 2008 financial year to mitigate the impact of these external factors and has made significant progress in doing so. The Group is well positioned with a flexible business model and strong relationships with our partner branded goods suppliers which helps us to provide our unique UK and international retail offering.

We are doing all the right things in the current marketplace as we pursue our back to basics strategy. We have a relentless approach to our cost base, stock is under control, and across our business (from the store portfolio, through the head office and distribution functions) we are running an efficient and tight business which is important in these difficult times. As part of that strategy we are reviewing the information that we give to the market with a view to adopting a more conventional approach in the future.

I would like to take this opportunity to thank all our colleagues for their continued support and hard work. We have a great business and with our proven strategy I believe we will emerge from the current tough operating environment in a position of strength.

Dividend

The Board has resolved to pay an interim dividend of 1.22p per share on 30 April 2009 to shareholders on the register on 3 April 2009, consistent with the final dividend for 2007-08 of 2.44p per share. Whilst the Board's recommendation in respect of a final dividend for the year will depend on performance in the second half, the Board currently intends that the total annual dividend for the 2009 financial year will be paid in the approximate proportions of one third for the interim dividend and two thirds for the final dividend.

Simon Bentley
Acting non-executive Chairman
17 December 2008

Chief Executive's Review

Overview of Financial Performance

In the 26 weeks ended 26 October 2008 ("2009 H1"), Group revenue was up 2.9% at £687.7m compared with revenues of £668.1m for the 26 weeks ended 28 October 2007 ("2008 H1").

UK retail revenues were down by 1.6% to £510.1m (2008 H1: £518.4m). Excluding the revenues from The Original Shoe Company ("OSC") in 2008 H1, which was sold during the last financial year, UK retail revenues grew 3.2%. International retail revenues increased by 34.5% to £51.8m (2008 H1:£38.5m), which excluding the impact of foreign currency exchange rates represented an increase of circa 17%. The brands division revenues were up 34.0% to £117.9m (2008 H1:£88.0m) including licensing, where revenues were up 17.1% to £12.3m.

Gross margins for the Group increased by 10 basis points to 43.4% (2008 H1: 43.3%). The retail division increased margin by 120 basis points to 44.7% (2008 H1: 43.5%). UK retail margin was 45.4% (2008 H1: 45.3%) and the international retail gross margin increased by 130 basis points to 43.6% (2008 H1: 42.3%). While revenue was higher, gross margin in the brands division fell by 480 basis points to 37.1% (2008 H1: 41.9%) predominantly due to a greater proportion of wholesale revenue within the businesses acquired in the previous period.

Underlying EBITDA for the period increased by 7.4% to £89.8m (2008 H1: £83.6m). Within this underlying EBITDA, UK retail increased by £2.4m to £73.1m (2008 H1: £70.7m), International retail increased by £2.1m to £7.5m (2008 H1: £5.4m) and the brands division increased by £1.7m to £9.2m (2008 H1: £7.5m). Underlying profit before tax increased by 3.0% to £51.8m (2008 H1: £50.3m).

Foreign exchange gains for the half year were £45.4m (2008 H1: £30.8m loss). This is net of a £43.1m realised exchange loss included in administration costs (2008 H1: £57.9m loss). The revaluation of forward exchange contracts required under IFRS is included in finance income and this unrealised profit amounted to £88.5m (2008 H1: £27.1m profit). These amounts are excluded from the definition of underlying profit used in the business and as reported here. No exceptional items have been incurred in 2009 H1.

Capital expenditure amounted to £18.1m (2008 H1: £120.0m). This included acquisitions of property, plant and equipment, including £3.9m (2008 H1: 85.7m) on new and refurbished stores (UK).

The banking facilities of the Company are agreed until 2011. We continue to operate well within our bank covenants.

Net debt increased during the period to £478.3m (27 April 2008: £465.2m).

Review by Business Segment

	26 weeks ended 26 October 2008 (£'m)	26 weeks ended 28 October 2007 (£'m)	Change %
Retail			
Revenue:			
UK retail	**510.1**	518.4	
UK wholesale and other	**7.9**	23.2	
International retail	**51.8**	38.5	
Total retail revenue	**569.8**	580.1	(1.8)
Cost of sales	**(314.9)**	(327.7)	
Gross margin	**254.9**	252.4	
Gross margin percentage	**44.7**%	43.5%	
Brands			
Revenue:			
Wholesale	**105.6**	77.5	
Licensing	**12.3**	10.5	
Total brands revenue	**117.9**	88.0	+34.0
Cost of sales	**(74.2)**	(51.1)	
Gross margin	**43.7**	36.9	
Gross margin percentage	**37.1**%	41.9%	

Business Review

Last year was an exceptionally difficult year primarily due to sustained adverse weather conditions in the UK. However this year has seen even greater challenges as the tightening of credit and employment risks have brought about a decline in consumer confidence on the high street and worldwide.

Against this uncertain economic climate, our strategy has been focused on concentrating on our core strengths, increasing efficiencies and controlling costs.

Retail division

Total retail revenue (including wholesale and other revenues) was down 1.8% to £569.8m (2008 H1: £580.1m). UK retail revenue, which contributes the majority of retail revenue, was down 1.6% to £510.1m (2008 H1: £518.4m). 2008 H1 included OSC revenues, which was sold during the last financial year. Excluding OSC revenues, UK retail grew 3.2%.

These half year results have been affected by the home nations' failure to qualify for the European Championships held in the summer of 2008.

Relationships with the major third party suppliers continue to develop strongly, especially utilising their office space at Shirebrook. Strategies are being aligned to grow both the product ranges and volumes whilst at the same time developing branded merchandising areas by category in store.

Against a backdrop of slowing consumer demand, UK retail performance has benefited from effective control of stock levels, well managed labour costs and tight control of operating expenses. These efficiencies have helped to absorb some of the rising costs such as energy, commercial rents and fuel.

UK wholesale and other revenue was down by 65.9% to £7.9m (2008 H1: £23.2m). 2008 H1 included £10.5m which had no gain or loss in respect of property transactions, which was not repeated in 2009 H1.

International retail revenue for the 26 weeks was up 34.5% to £51.8m (2008 H1: £38.5m). In the period we opened three new stores in Belgium, and our first two in Cyprus, in line with our plans for developing our international store portfolio.

We strengthened the total retail division margin from 43.5% to 44.7% driven primarily by an improvement in the international retail gross margin from 42.3% to 43.6%. 2009 H1 UK retail margin benefitted from improved supply and distribution chain management. 2009 H2 UK retail margin for us and other similar retailers will come under increasing pressure as imported cost inflation from the Far East combined with the stronger US dollar begin to impact, but we will seek to mitigate the effect of some or all of that by achieving further efficiencies.

Online revenue continues to grow in line with our expectations and we will look at opportunities to develop this revenue stream for the business. Order fulfilment and information technology solutions are fully in-house developed and supported from the Shirebrook headquarters.

On 5th February 2008 the Company announced a strategic alliance agreement with ITAT in China to supply merchandise under certain of our Group brands. During the period between February and May 2008 a bespoke product range for China under the brands DUNLOP and LONSDALE was designed and produced. We also had designed and manufactured specific merchandising units and fittings to fit a 2,500 sq ft "store in store" concept area. The standard of this work was exceptionally high and with our partner we began the task of rolling out the trial into around 120 Super Club ITAT sites during May 2008. The areas were complete after about four weeks and since then we have been analysing sales data and store traffic, and collecting feedback on the product range, pricing, and brand awareness.

This continuing analysis will of course give us valuable information on how to best formulate our next steps in this market. We continue to approach the project with the aim of minimising the inherent risks and to take advantage of the exciting opportunities. There will continue to be minimal impact on revenues and earnings in the current year.

As previously announced on 10 July 2008 we will report annually the percentage change in store contribution for UK retail, commencing with the year ending 26 April 2009 comparison to full year 2008, at our results presentation in July 2009.

Store portfolio

As of 26 October 2008, we operated 366 stores in the UK (excluding Northern Ireland), a total of circa 3.4m sq ft (2008 H1: circa 3.3m sq ft). These are divided between 281 core and 85 non-core stores. Through the Group's 42.5% shareholding in the Heatons chain, it has products in 7 stores in Northern Ireland and 18 stores in the Republic of Ireland.

In the UK we added a net 8 new core stores in the half year, with 14 new Sports Direct stores opened including 6 relocations. All new stores are operating under the Sportsdirect.com fascia. We closed 23 stores (excluding the 6 relocations) which were typically smaller non-core stores.

We have a clear, focused strategy to enhance our varied store portfolio. We are still targeting circa 20 new core stores in the UK this year, taking a selective approach to the best opportunities.

Internationally, as at 26 October 2008 we operated through 42 stores in Belgium, 14 in Slovenia, 4 in Holland, 2 in Cyprus and 1 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

Total brands revenue was up 34.0% to £117.9m (2008 H1: £88.0m). Within this, wholesale revenue was up 36.3% to £105.6m (2008 H1: £77.5m), driven by the full half year inclusion of prior year acquisitions such as Everlast.

Revenue from licensing was up 17.1% to £12.3m (2008 H1: £10.5m).

Gross margins decreased by 480 basis points to 37.1% (2008 H1: 41.9%), primarily as a result of a greater proportion of wholesale revenue, external margin pressure from customers notably in the US, and the clearance of stock in the acquired companies.

Operating costs have increased in the division primarily due to the inclusion of acquired companies for the full half year. Other costs were broadly in line with the prior period.

The Group continues to develop its brands through product development and marketing. Licensing income streams are enhanced from the development of the network of key licensee partners globally as the Group continues to identify suitable licensing partners as its priority.

Everlast, the most famous brand in boxing, was acquired by the Group in September 2007. The management team have increased profits in line with expectations including a 20% growth in licencing revenue. Marketing initiatives include agreements with both boxing ring and cage fighters and with Muhammad Ali in connection with the brand's 100 year anniversary.

Net Debt

Net debt has increased from £465.2m to £478.3m. The business has marketable securities with a value at 26 October 2008 of £30.5m. During the last financial year the Company spent over £200m on a share buyback programme, and invested over £100m on the acquisition of subsidiary companies, over £80m on freehold property and further sums in plant, fixtures and technology.

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.

Strategic Investments

The Group purchased 11.9m shares in JJB (5%) during the period, and took out contracts for difference on another 42.9m (17%) shares. As at 26 October 2008 the Group also held investments in Amer Sports Corp, Blacks Leisure Group and JD Sports Fashion. The value of the Group's investments has reduced from £65.7m to £30.5m during the period, mainly due to a £27.3m fair value adjustment charged through equity.

Our strategy for growth

We are focused on strengthening the Group's financial performance and profitability, building relationships with our partners and suppliers, and the continued roll out of our stores and brands in the UK and around the world.

Developing international distribution channels is a key part of the Group's growth strategy. We look at a number of potential markets with interest. We believe that the experience we gain in China can be adapted for other markets in the future. Our growth strategy will include acquisition, partnership, joint venture and licensing opportunities.

We believe that the business remains in a strong position with its flexible business model, international growth plans and strong portfolio of brands.

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

Our trading performance since the end of October and through December in our key division, UK retail, has been in line with our expectations. This has been achieved predominantly by ensuring we continue to offer great value to our customers.

We believe our back to basics strategy will continue to deliver value for our shareholders. An emphasis on driving efficiency across the Group, tight cost control and maintaining prudent stock levels will leave us well positioned in this challenging trading environment.

Looking further forward into the New Year and the first few months of 2009, we expect the trading environment to remain extremely difficult. On the 23 October 2008, in our pre-close trading statement we advised that the Board believed that full year underlying EBITDA should be broadly in line with the then market expectations of £135m, and given current trading the Board believes that it will meet those expectations.

Dave Forsey
Chief Executive
17 December 2008

Financial Review

Basis of reporting

The financial statements for the Group for the 26 weeks ended 26 October 2008 are presented in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

Summary of results

	26 weeks ended 26 October 2008 (£'m)	26 weeks ended 28 October 2007 (£'m)	Change %
Revenue	**687.7**	668.1	+2.9
Underlying EBITDA	**89.8**	83.6	+7.4
Underlying Profit before Tax	**51.8**	50.3	+3.0
Reported Profit before Tax	**97.7**	21.2	+360.8
	Pence per Share	**Pence per Share**	
Basic EPS	**11.57**	1.88	+515.4
Underlying EPS	**5.76**	4.82	+19.5
Weighted Average number of Shares (million)	**568**	691	

Underlying EBITDA for the period was £89.8 million, compared to £83.6 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 on sale of strategic investments and realised profits/losses on foreign exchange.

Revenue and margin

Revenue	26 weeks ended 26 October 2008 (£'m)	26 weeks ended 28 October 2007 (£'m)	Change %
Retail			
UK retail	**510.1**	518.4	(1.6)
UK wholesale and other	**7.9**	23.2	(65.9)
International retail	**51.8**	38.5	+34.5
Total retail revenue	**569.8**	580.1	(1.8)
Brands			
Wholesale	**105.6**	77.5	+36.3
Licensing	**12.3**	10.5	+17.1
Total brands revenue	**117.9**	88.0	+34.0

Total Group revenue increased by 2.9%.

Retail revenue fell by 1.8%. The UK accounted for 89.5% of total retail revenues with the balance in Continental European stores. UK wholesale and other revenue in the comparative period included £10.5m in relation to property transactions which had no gain or loss.

Retail gross margin in the UK increased slightly from 45.3% to 45.4%.

Our representation in both parts of Ireland is covered by Heatons, in which we have a 42.5% interest, the results of which are reported as an associate.

Brands revenue increased by 34.0%. This included the full half year effect of the acquisitions such as Everlast. Licensing income increased by 17.1%, with an increase in wholesale revenue of 36.3%.

Brands gross margin decreased from 41.9% to 37.1%.

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.

Foreign exchange

The Group manages 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 £43.1m included in administration costs has arisen from:

(a) accepting dollars 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 £88.5m (2008 H1:£27.1m) included in finance income substantially represents the reversal of the provision made (under IFRS) for the forward contracts at 27 April 2008, and the creation of an asset in recognition of the profit on outstanding future contracts at 26 October 2008.

The sterling exchange rate with the US dollar at 27 April 2008 was $1.986 and $1.592 at 26 October 2008.

The sterling exchange rate with the Euro at 27 April 2008 was €1.271 and €1.252 at 26 October 2008.

Finance income

	26 weeks ended 26 October 2008 (£'m)	**26 weeks ended 28 October 2007 (£'m)**
Bank interest receivable	**0.5**	0.6
Expected return on pension plan assets	**1.0**	1.1
Fair value adjustment to forward foreign exchange contracts	**88.5**	27.1
	90.0	28.8

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

	26 weeks ended 26 October 2008 (£'m)	**26 weeks ended 28 October 2007 (£'m)**
Interest on bank loans and overdrafts	**(13.7)**	(11.2)
Interest on other loans	**(0.8)**	(3.8)
Interest on retirement benefit obligations	**(1.3)**	(1.1)
	(15.8)	(16.1)

Taxation

The effective tax rate on profit before tax for 2009 H1 was 32.5% (2008 H1: 38.5%) 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

	26 weeks ended 26 October 2008 Pence per share	**26 weeks ended 28 October 2007 Pence per share**	**Change %**
Basic EPS	**11.57**	1.88	+515.4
Underlying EPS	**5.76**	4.82	+19.5
Weighted Average number of shares	**568,452,369**	691,176,000	

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:

	26 weeks ended 26 October 2008 (£'m)	**26 weeks ended 28 October 2007 (£'m)**
Profit after tax:	**65.7**	13.0
Post tax effect of		
Realised loss on forward foreign exchange contracts	**31.0**	40.5
Fair value adjustment to forward foreign exchange contracts	**(63.7)**	(19.0)
Profit on disposal of listed investments	**(0.3)**	(1.2)
Underlying profit after tax	**32.7**	33.3

Dividends

A final dividend of 2.44p per share (totalling £11.71m) in respect of the year ended 27 April 2008, was paid on 31 October 2008 to shareholders on the register at 3 October 2008.

The Board has resolved to pay on 30 April 2009 an interim dividend of 1.22p per share to shareholders on the register on 3 April 2009.

Capital expenditure

Expenditure, including acquisition of property, plant and equipment, amounted to £18.1m (2008 H1: £120.0m). This includes £3.9m (2008 H1: £85.7m) relating to freehold retail sites and other property.

Strategic investments

At 26 October 2008, the Group held investments in Amer Sports Corp, Blacks Leisure, JD Sports Fashion and JJB Sports. Changes in the value of these investments are recognised directly in equity in accordance with IFRS.

	26 October 2008 (£'m)
Total available-for-sale investments at 27 April 2008	**65.7**
Additions in the period	**4.9**
Disposal proceeds in the period	**(13.3)**
Profit on disposals in the period	**0.5**
Fair value adjustment in respect of available-for-sale financial assets*	**(27.3)**
Total available-for-sale investments at 26 October 2008	**30.5**

* The loss on the fair valuing of available for sale financial assets arises under IFRS as a result of marking to market at the period end.

The respective shareholdings at 26 October 2008 were as follows:

	At 26 October 2008		
	Value £'m	**Shares 'm**	**Holding**
Blacks Leisure Group	3.7	12.728	29.89%
JJB	3.6	11.944	5.00%
Amer Sports Corporation	5.1	1.066	1.48%
John David Group	16.7	6.475	13.42%
Other* market	1.4		
Total	30.5		

* Included within 'Other' above are contracts for difference relating to 42.9m shares in JJB, which were held at 26 October 2008 and represented 17% of share capital.

Employee Benefit Trust

The Group sold 8,000,000 ordinary shares to the Sports Direct Employee Benefit Trust, an employee share scheme. The Company now holds 64,000,000 shares in treasury and the total number of shares in issue is 576,452,369.

Cash flow and net debt

Net debt increased from £465.2m at 27 April 2008 to £478.3m at 26 October 2008. Taking into account the inclusion of marketable securities (available for sale financial assets) the net indebtedness at 26 October 2008 was £447.8m.

The analysis of debt at 26 October 2008 and at 27 April 2008 was as follows:

	At 26 October 2008	**At 27 April 2008**
Cash and cash equivalents	**43.3**	25.4
Borrowings	**(521.6)**	(490.6)
Net debt	**(478.3)**	(465.2)
Market value of marketable securities	**30.5**	65.7
Net indebtedness	**(447.8)**	(399.5)

Reconciliation of movement in Net Debt

	26 weeks ended 26 October 08 (£'m)	**52 weeks ended 27 April 08 (£'m)**
Net debt at start of period	**(465.2)**	(38.1)
Operating Activities	**42.9**	149.6
Working capital	**(0.5)**	(90.1)
Acquisitions	**(0.9)**	(105.3)
Net proceeds of listed investments	**12.8**	49.2
Capital Expenditure (including intangibles)	**(18.7)**	(131.8)
Interest & Taxation	**(36.7)**	(83.7)
Purchase of own shares	**-**	(201.5)
Other	**(0.3)**	(6.1)
Dividends paid	**(11.7)**	(7.4)
Net debt at end of period	**(478.3)**	(465.2)

Cash Flow

	26 weeks ended 26 October 2008 (£'m)	**26 weeks ended 27 April 2008 (£'m)**	**26 weeks ended 28 October 2007 (£'m)**
Reported operating profit	**20.5**	105.6	4.0
Depreciation and amortisation	**24.1**	18.2	19.4
Other non-cash charges	**(0.2)**	1.9	0.5
Taxes paid	**(21.7)**	(15.1)	(22.5)
Free cash flow	**22.7**	110.6	1.4
Invested In:-			
(Increase) / Decrease in working capital	**(0.5)**	1.8	(91.9)
Acquisitions	**(0.9)**	(7.8)	(96.8)
Net proceeds from / (Investment in) investments	**10.7**	300.4	(254.9)
Cash inflow from other investing activities	**0.7**	2.2	1.7
Capital Expenditure (including intangibles)	**(18.7)**	(11.9)	(120.0)
Share buy back programme	**-**	(39.2)	(162.3)
Equity dividend paid	**(11.7)**	-	(7.4)
Finance costs and other financing activities	**(15.1)**	(24.3)	(21.9)
Net (Decrease) / Increase in cash and cash equivalents	**(12.8)**	331.8	(752.8)

Reconciliation of movement in equity

Total equity movement is as follows:

	26 weeks ended 26 October 2008 (£'m)
Total equity at 27 April 2008	**128.4**
Profit after tax for the 26 weeks ended 26 October 2008	**65.9**
Items taken directly to equity:	
Actuarial gain on pension fund	**1.8**
Fair value adjustment in respect of available-for-sale financial assets	**(27.3)**
Tax on items taken directly to equity	**7.6**
	(17.9)
Minority interests eliminated on acquisitions	**(0.5)**
Foreign Exchange Reserves	**25.0**
Total equity at 26 October 2008	**200.9**

Pensions

The Group operates a number of closed defined benefit schemes in the Dunlop Slazenger Group of companies. The net deficit in these schemes decreased from £11.7m at 27 April 2008 to £10.0m at 26 October 2008.

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

17 December 2008

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 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 20.

The directors of Sports Direct International plc are listed in the Group's 2008 Annual Report and Financial Statements.

By Order of the Board

Dave Forsey
Chief Executive

Bob Mellors
Finance Director

17 December 2008

INDEPENDENT REVIEW REPORT TO SPORTS DIRECT INTERNATIONAL PLC

FOR THE 26 WEEKS ENDED 26 OCTOBER 2008

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 26 October 2008 which comprises the Consolidated income statement, the Consolidated statement of recognised income and expense, the Consolidated balance sheet, the Consolidated cash flow statement and the related notes. We have read the other information 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 26 October 2008 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 and Registered Auditor
London

17 December 2008

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE 26 WEEKS ENDED 26 OCTOBER 2008

	Notes	26 weeks ended 26 October 2008 £'000	26 weeks ended 28 October 2007 £'000	52 weeks ended 27 April 2008 £'000
Continuing operations:				
Revenue	2	687,745	668,112	1,259,510
Cost of sales		(389,160)	(378,855)	(709,809)
Gross profit		298,585	289,257	549,701
Selling, distribution and administrative expenses		(238,167)	(229,042)	(447,570)
(Loss)/profit on forward foreign exchange contracts		(43,065)	(57,924)	3,461
Other operating income		3,175	1,707	4,023
Operating profit	2	20,528	3,998	109,615
Profit on disposal of available-for-sale financial assets	3	449	1,691	41,367
Dividend income from investments	3	363	512	2,507
Finance income	4	90,036	28,792	5,370
Finance costs	5	(15,758)	(16,136)	(45,006)
Share of profit of associated undertakings and joint ventures		2,049	2,355	5,020
Profit before taxation		97,667	21,212	118,873
Taxation	6	(31,789)	(8,172)	(41,126)
Profit for the period	2	65,878	13,040	77,747
Equity holders of the Group	13	65,748	12,962	78,182
Minority interests		130	78	(435)
Profit for the period	2	65,878	13,040	77,747

Earnings per share from total and continuing operations attributable to the equity shareholders

		Pence per share	Pence per share	Pence per share
Basic earnings per share	7	11.57	1.88	12.23
Diluted earnings per share	7	11.57	1.88	12.23

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

UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE 26 WEEKS ENDED 26 OCTOBER 2008

	Notes	26 weeks ended 26 October2008	26 weeks ended 28 October2007	52 weeks ended 27 April 2008
		£'000	£'000	£'000
Exchange differences on translation of foreign operations		25,038	(32)	4,763
Actuarial gains on defined benefit pension schemes	17	1,789	292	1,683
Fair value adjustment in respect of available-for-sale financial assets	11	(27,331)	19,494	(20,571)
Taxation on items taken directly to equity		7,677	(5,848)	5,760
Income and expense recognised directly in equity		7,173	13,906	(8,365)
Profit for the period	2	65,878	13,040	77,747
Total income and expense recognised in the period		73,051	26,946	69,382
Equity holders of the Group		72,921	26,868	69,817
Minority interests		130	78	(435)
		73,051	26,946	69,382

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

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 26 OCTOBER 2008

	Notes	26 October 2008 £'000	28 October 2007 £'000	27 April 2008 £'000
ASSETS				
Non-current assets				
Property, plant and equipment	9	319,475	317,446	322,792
Intangible assets	10	218,309	197,361	185,010
Investments in associated undertakings and joint ventures		30,386	23,058	28,452
Available-for-sale financial assets	11	30,498	364,518	65,714
Derivative financial assets		—	10,127	
Deferred tax assets		4,978	31,925	29,110
		603,646	944,435	631,078
Current assets				
Inventories		212,609	227,800	218,763
Trade and other receivables		119,784	99,938	94,481
Derivative financial assets	18	40,818	—	—
Cash and cash equivalents		43,331	17,563	25,418
		416,542	345,301	338,662
TOTAL ASSETS		1,020,188	1,289,736	969,740
EQUITY AND LIABILITIES				
Share capital	12	64,045	72,000	64,045
Share premium	14	874,300	874,300	874,300
Treasury shares	13	(85,088)	(162,348)	(201,483)
Permanent contribution to capital	14	50	50	50
Capital redemption reserve	14	8,005	50	8,005
Foreign currency translation reserve	13	28,964	(869)	3,926
Reverse combination reserve	14	(987,312)	(987,312)	(987,312)
Own share reserve	13	(6,094)	—-	—-
Retained earnings	13	301,218	337,192	363,636
		198,088	133,063	125,167
Minority interests	15	2,804	2,723	3,242
Total equity		200,892	135,786	128,409
Non-current liabilities				
Other payables		3,528	1,174	2,829
Borrowings	16	15,214	8,586	14,255
Derivative financial liabilities	18	—-	—-	14,744
Retirement benefit obligations	17	10,015	13,443	11,705
Deferred tax liabilities		29,673	43,291	26,422
Provisions		27,967	29,646	22,910
		86,397	96,140	92,865
Current liabilities				
Derivative financial liabilities	18	—-	25,469	32,894
Trade and other payables		207,643	212,596	207,598
Borrowings	16	506,385	804,850	476,400
Current tax liabilities		18,871	14,895	31,574
		732,899	1,057,810	748,466
Total liabilities		819,296	1,153,950	841,331
TOTAL EQUITY AND LIABILITIES		1,020,188	1,289,736	969,740

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

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE 26 WEEKS ENDED 26 OCTOBER 2008

	Notes	26 weeks ended 26 October2008	26 weeks ended 28 October 2007	52 weeks ended 27 April 2008
				£'000
Cash inflow/(outflow) from operating activities	19	44,000	(68,042)	59,519
Income taxes paid		(21,687)	(22,542)	(37,638)
Net cash inflow/(outflow) from operating activities		22,313	(90,584)	21,881
Cash flow from investing activities				
Proceeds on disposal of property, plant and equipment		2,312	12,965	9,924
Proceeds on disposal of listed investments		13,221	66,524	595,921
Proceeds on disposal of subsidiary		—	—	5,000
Purchase of subsidiaries, net of cash acquired		(927)	(96,809)	(104,592)
Purchase of intangible assets		(650)	(518)	(657)
Purchase of property, plant and equipment		(18,082)	(120,007)	(131,776)
Purchase of listed investments		(4,887)	(334,410)	(565,392)
Investment income received		613	1,701	3,696
Net cash outflow from investing activities		(8,400)	(470,554)	(187,876)
Cash flow from financing activities				
Finance income received		524	550	3,104
Finance costs paid		(15,758)	(14,980)	(39,831)
Net increase in/(repayments of) borrowings		182	(7,420)	(9,403)
Equity dividend paid	8	(11,710)	(7,416)	(7,416)
Purchase of own shares	13	—	(162,348)	(201,483)
Net cash outflow from financing activities		(26,762)	(191,614)	(255,029)
Net decrease in cash and cash equivalents including overdrafts		(12,849)	(752,752)	(421,024)
Cash and cash equivalents including overdrafts at beginning of period		(446,053)	(25,029)	(25,029)
Cash and cash equivalents including overdrafts at the period end		(458,902)	(777,781)	(446,053)

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

NOTES TO THE FINANCIAL INFORMATION FOR THE 26 WEEKS ENDED 26 OCTOBER 2008

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 2008 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. This consolidated financial information for the period does not constitute statutory financial statements within the meaning of s240 of the Companies Act 1985.

The summary of results for the 52 weeks ended 27 April 2008 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 s237(2) or s237(3) of the Companies Act 1985.

Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group's long-term performance remain those identified on page 58 of the Group's 2008 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**

Primary reporting format — business segments

For management purposes the Group is organised into, and reports its performance between, two business 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 business segments is presented below:

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	£'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	22,730	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:

	Retail	Brands	Total
	£'000	£'000	£'000
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:

	Retail	Brands	Eliminations	Total
	£'000	£'000	£'000	£'000
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 26 weeks ended 28 October 2007:

	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	£'000
Sales to external customers	518,397	23,248	541,645	38,514	580,159	77,530	10,423	87,953	—	668,112
Sales to other segments	—	1,418	1,418	—	1,418	3,818	—	3,818	(5,236)	—
Revenue	518,397	24,666	543,063	38,514	581,577	81,348	10,423	91,771	(5,236)	668,112
Gross profit			236,018	16,351	252,369			36,888	—	289,257
Operating profit before foreign exchange and exceptional items			54,281	1,643	55,924			5,998	—	61,922
Operating profit										3,998
Investment income										2,203
Finance income										28,792
Finance costs										(16,136)
Share of profits of associated undertakings and joint ventures										2,355
Profit before taxation										21,212
Taxation										(8,172)
Profit for the period										13,040

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 28 October 2007:

	Retail	Brands	Total
	£'000	£'000	£'000
Depreciation	17,989	694	18,683
Amortisation	16	646	662
Impairment	—	665	665

Information regarding segment assets and liabilities as at 28 October 2007 and capital expenditure for the 26 weeks then ended:

	Retail	Brands	Eliminations	Total
	£'000	£'000	£'000	£'000
Investments in associated undertakings and joint ventures	15,604	7,454	—	23,058
Other assets	1,167,293	378,278	(289,020)	1,256,551
Total assets	1,182,897	385,732	(289,020)	1,279,609
Total liabilities	(1,080,335)	(352,508)	289,020	(1,143,823)
Tangible asset additions	120,282	3,928	—	124,210
Intangible asset additions	1,319	57,783	—	59,102
Total capital expenditure	121,601	61,711	—	183,312

Segmental information for the 52 weeks ended 27 April 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**	**£'000**
Sales to external customers	957,652	31,956[1]	989,608	77,257	1,066,865	171,558	21,087	192,645	—	1,259,510
Sales to other segments	—	1,662	1,662	—	1,662	6,841	568	7,409	(9,071)	—
Revenue	957,652	33,618	991,270	77,257	1,068,527	178,399	21,655	200,054	(9,071)	1,259,510
Gross profit			439,741	32,382	472,123			77,578	—	549,701
Operating profit before foreign exchange and exceptional items			93,169	2,035	95,204			10,950	—	106,154
Operating profit			96,408	1,897	98,305			11,310	—	109,615
Profit on disposal of available-for sale financial assets										41,367
Investment income										2,507
Finance income										5,370
Finance costs										(45,006)
Share of profits of associated undertakings and joint ventures										5,020
Profit before taxation										118,873
Taxation										(41,126)
Profit for the period										77,747

[1] Includes £10.5 million in relation to property transactions income at nil margin.

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 27 April 2008

	Retail	Brands	Total
	£'000	**£'000**	**£'000**
Depreciation	33,869	1,714	35,583
Amortisation	210	1,813	2,023
Impairment	—	1,394	1,394

Information regarding segment assets and liabilities as at 27 April 2008 and capital expenditure for the 52 weeks then ended:

	Retail	Brands	Eliminations	Total
	£'000	**£'000**	**£'000**	**£'000**
Investments in associated undertakings and joint ventures	21,040	7,412	—	28,452
Other assets	837,708	391,916	(288,336)	941,288
Total assets	858,748	399,328	(288,336)	969,740
Total liabilities	(726,064)	(363,037)	247,770	(841,331)
Tangible asset additions	130,585	11,526	—	142,111
Intangible asset additions	1,660	58,232	—	59,892
Total capital expenditure	132,245	69,758	—	202,003

Secondary reporting format — geographic segments

The Group operates in two geographic segments; UK and Non-UK. These geographic segments are the basis on which the Group reports its secondary segment information, as presented below:

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 26 weeks ended 28 October 2007:

	UK	**Non-UK**	**Unallocated**	**Eliminations**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Segmental revenue from external customers	574,481	99,007	—	(5,376)	668,112
Total capital expenditure	117,869	65,443	—	—	183,312
Segmental assets	1,380,054	188,575	—	(289,020)	1,279,609

Segmental information for the 52 weeks ended 27 April 2008:

	UK	**Non-UK**	**Unallocated**	**Eliminations**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Segmental revenue from external customers	1,047,717	220,864	—	(9,071)	1,259,510
Total capital expenditure	129,901	72,102	—	—	202,003
Segmental assets	1,027,686	230,390	—	(288,336)	969,740

3. **Investment income**

	26 weeks ended 26 October 2008	**26 weeks ended 28 October 2007**	**52 weeks ended 27 April 2008**
	£'000	**£'000**	**£'000**
Profit on disposal of available-for-sale financial assets (Note 11) (1)	449	1,691	41,367
Dividend income from investments	363	512	2,507

(1) The profit relates to the disposal of strategic stakes in Amer Sports Corp., adidas A.G and Umbro PLC.

4. **Finance income**

	26 weeks ended 26 October 2008	26 weeks ended 28 October 2007	52 weeks ended 27 April 2008
	£'000	**£'000**	**£'000**
Bank interest receivable	521	550	3,068
Other interest receivable	3	-	36
Expected return on pension plan assets (Note 17)	1,056	1,121	2,266
Fair value adjustment to forward foreign exchange contracts (Note 18) [(1)]	88,456	27,121	-
	90,036	28,792	5,370

[(1)]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**

	26 weeks ended 26 October 2008	26 weeks ended 28 October 2007	52 weeks ended 27 April 2008
	£'000	**£'000**	**£'000**
Interest on bank loans and overdrafts	13,661	11,190	32,955
Interest on other loans and finance leases	843	3,790	4,559
Interest on retirement benefit obligations (Note 17)	1,254	1,156	2,317
Fair value adjustment to forward foreign exchange contracts (Note 18) [(1)]	-	-	5,175
	15,758	16,136	45,006

[(1)]The fair value adjustment to forward foreign exchange contracts relates to adverse differences arising from the marking to market of forward foreign currency contracts at each period end.

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% (2007: 38.5%). This leaves an estimated tax charge of £31.8m for the 26 weeks ended 26 October 2008 (£8.2m for the 26 weeks ended 28 October 2007).

7. **Earnings per share**

Share awards granted in April 2007 were non-dilutive as at 26 October 2008 as the prospect of the performance conditions attached to these awards being satisfied is considered to be remote. As a result share awards are not taken into account when determining the weighted average number of ordinary shares in issue during the period and therefore the basic and diluted earnings per share are the same.

Basic and diluted earnings per share

	26 weeks ended 26 October 2008	**26 weeks ended 26 October 2008**	**26 weeks ended 28 October 2007**	**26 weeks ended 28 October 2007**	**52 weeks ended 27 April 2008**	**52 weeks ended 27 April 2008**
	Basic £'000	**Diluted £'000**	**Basic £'000**	**Diluted £'000**	**Basic £'000**	**Diluted £'000**
Profit for the period	65,748	65,748	12,962	12,962	78,182	78,182
	Number in thousands		**Number in thousands**		**Number in thousands**	
Weighted average number of shares	568,452	568,452	691,176	691,176	639,010	639,010
	Pence per share		**Pence per share**		**Pence per share**	
Earnings per share	11.57	11.57	1.88	1.88	12.23	12.23

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 exceptional items.

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.

Underlying earnings per share (continued)

	26 weeks ended 26 October 2008	26 weeks ended 26 October 2008	26 weeks ended 28 October 2007	26 weeks ended 28 October 2007	52 weeks ended 27 April 2008	52 weeks ended 27 April 2008
	Basic £'000	**Diluted £'000**	**Basic £'000**	**Diluted £'000**	**Basic £'000**	**Diluted £'000**
Profit for the period	65,748	65,748	12,962	12,962	78,182	78,182
Post tax adjustments to profit for the period for the following exceptional items:						
Realised loss/(gain) on forward foreign exchange contracts	31,007	31,007	40,547	40,547	(2,423)	(2,423)
Fair value adjustment to forward foreign exchange contracts	(63,688)	(63,688)	(18,985)	(18,985)	3,623	3,623
Profit on disposal of listed investments net of interest	(323)	(323)	(1,184)	(1,184)	(24,648)	(24,648)
Underlying profit for the period	32,744	32,744	33,340	33.340	54,734	54,734
		Number in thousands		**Number in thousands**		**Number in thousands**
Weighted average number of shares	568,452	568,452	691,176	691,176	639,010	639,010
		Pence per share		**Pence per share**		**Pence per share**
Earnings per share	5.76	5.76	4.82	4.82	8.57	8.57

8. **Dividends**

An interim dividend of 2.06p per share in respect of 2007-08 was paid on 31 July 2008 to shareholders on the register as at 28 March 2008. A final dividend of 2.44p per share was paid on 31 October 2008 to shareholders on the register as at 3 October 2008.

9. **Property, plant and equipment**

	Freehold land and buildings	Long leasehold property	Short leasehold property	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 27 April 2008	117,235	10,940	100,970	271,574	500,719
Exchange differences	113	95	1,803	3,065	5,076
Additions	3,949	27	3,734	10,372	18,082
Eliminated on disposals	(470)	(2)	(2,167)	(3,469)	(6,108)
At 26 October 2008	120,827	11,060	104,340	281,542	517,769
Accumulated depreciation					
At 27 April 2008	(8,014)	(3,641)	(33,617)	(132,655)	(177,927)
Exchange differences	(49)	—	(374)	(1,146)	(1,569)
Charge for the period	(1,645)	(155)	(3,868)	(16,926)	(22,594)
Eliminated on disposals	35	—	1,228	2,533	3,796
At 26 October 2008	(9,673)	(3,796)	(36,631)	(148,194)	(198,294)
Net book amount					
At 26 October 2008	111,154	7,264	67,709	133,348	319,475
At 27 April 2008	109,221	7,299	67,353	138,919	322,792
Finance leased assets included in the above net book amounts					
At 26 October 2008	—	—	—	563	563
At 27 April 2008	—	—	—	581	581

10. **Intangible assets**

	Goodwill	Trade marks and licences	Brands	Total
	£'000	£'000	£'000	£'000
Cost				
At 27 April 2008	104,099	21,934	66,946	192,979
Exchange differences	12,606	733	14,312	27,651
Arising on business combinations	358	—	—	358
Adjustments to fair value	6,402	—	—	6,402
Other additions	—	650	—	650
Disposals	—	(592)	—	(592)
At 26 October 2008	123,465	22,725	81,258	227,448

	Goodwill	Trade marks and licences	Brands	Total
	£'000	£'000	£'000	£'000
Amortisation and impairment				
At 27 April 2008	(1,394)	(5,175)	(1,400)	(7,969)
Exchange differences	—	(26)	—	(26)
Amortisation charge	—	(1,550)	—	(1,550)
Disposals	—	406	—	406
At 26 October 2008	(1,394)	(6,345)	(1,400)	(9,139)
Net book amount				
At 26 October 2008	122,071	16,380	79,858	218,309
At 27 April 2008	102,705	16,759	65,546	185,010

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

Adjustments to fair value includes a £6.4m increase due to an adjustment to the deferred taxation liability in respect of the acquisition of Everlast which took place on 20 September 2007.

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

	Goodwill £'000	Brands £'000
Retail	18,488	834
Brands	103,583	79,024
	122,071	79,858

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**

	26 October 2008	28 October 2007	27 April 2008
	£'000	£'000	£'000
Available-for-sale financial assets	30,498	364,518	65,714

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:

	26 October 2008	28 October 2007	27 April 2008
	£'000	£'000	£'000
At beginning of period	65,714	75,447	75,447
Additions	4,887	334,410	565,392
Disposals	(12,772)	(64,833)	(554,554)
Revaluation through equity	(27,331)	19,494	(20,571)
At end of period	30,498	364,518	65,714

The financial assets at 26 October 2008 relate to strategic investments held of between 1.5% and 29.9% of share capital. The Directors do not consider that they have significant influence over the financial and operating policies of the investees as they:

- have no representation on the Board of Directors;
- have no participation in policy-making processes, including participation in decisions about dividends or other distributions;
- have no material transactions with the investees, and;
- do not interchange any managerial personnel.

The Group has one investment in excess of 20% of ordinary share capital, that being 29.9% (27 April 2008: 29.3%) of the ordinary share capital of Blacks Leisure Group plc, a company incorporated in England. The aggregate of its share capital and reserves and result for the periods ended 1 March 2008, 1 September 2008 and 3 March 2007 respectively were as follows:

	1 March 2008	1 September 2008	3 March 2007
	£'000	£'000	£'000
Aggregate share capital and reserves	84,526	90,620	91,888
Loss after taxation	(6,051)	(648)	(12,624)

12. **Share capital**

	26 October 2008 £'000
Authorised	
999,500,010 ordinary shares of 10p each	99,950
499,990 redeemable preference shares of 10p each	50
	100,000
Allotted, called up and fully paid	
640,452,369 ordinary shares of 10p each	64,045

13. **Reserves**

	Treasury shares £'000	Foreign currency translation £'000	Own share reserve £'000	Retained earnings £'000	Other reserves £'000	Total £'000
At 27 April 2008	(201,483)	3,926	-	363,636	(40,912)	125,167
Income recognised directly in equity	-	-	-	(17,865)	-	(17,865)
Profit for the financial period	-	-	-	65,748	-	65,748
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)	-	-
Translation differences - group	-	24,903	-	-	-	24,903
Translation differences - associates	-	135	-	-	-	135
At 26 October 2008	(85,088)	28,964	(6,094)	301,218	(40,912)	198,088

Between 12 October 2007 and 14 March 2008 the group cancelled 79,547,631 shares purchased in the market under the share re-purchase programme.

On 16 September 2008 the Group sold 8,000,000 ordinary shares of 10 pence each from Treasury to the newly formed Sports Direct Employee Benefit Trust, an employee share scheme within the meaning of Section 1166 of the Companies Act 2006, at the market value of 76.17 pence per share. The difference between the market value and the average original purchase price of 132.95 pence per share has been transferred to retained earnings.

Following the above transaction the Company now 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.

14. **Other reserves**

	Share capital £'000	Share premium £'000	Permanent contribution to capital £'000	Capital redemption reserve £'000	Reverse combination reserve £'000	Other reserves £'000
At 27 April 2008 and 26 October 2008	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.

15. **Minority interests**

	£'000
At 27 April 2008	3,242
Share of profit for the period	130
Acquisitions	(568)
At 26 October 2008	2,804

16. **Borrowings**

	26 October 2008 £'000	28 October 2007 £'000	27 April 2008 £'000
Non-current:			
Bank and other loans	14,646	8,502	13,641
Obligations under finance leases	568	84	614
	15,214	8,586	14,255
Current:			
Bank overdrafts	502,233	795,344	471,471
Bank and other loans	4,029	9,158	4,704
Obligations under finance leases	123	348	225
	506,385	804,850	476,400
Total borrowings:			
Bank overdrafts	502,233	795,344	471,471
Bank and other loans	18,675	17,660	18,345
Obligations under finance leases	691	432	839
	521,599	813,436	490,655

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

	26 October 2008 £'000	28 October 2007 £'000	27 April 2008 £'000
Borrowings are repayable as follows:			
Within one year	4,152	9,506	8,197
Between one and two years	14,733	8,212	8,576
Between two and five years	121	127	900
After five years	360	247	1,511
	19,366	18,092	19,184
Borrowings — Sterling	4,021	1,529	4,665
Borrowings — Other	15,345	16,563	14,519
	19,366	18,092	19,184

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.

An agreement is in place with Kaupthing Singer and Friedlander (KSF) whereby they provide a credit facility which is secured against the market value of certain available for sale financial assets held by the Group. The credit facility limit is determined by taking a specific percentage of the market value of each individual security. On 8 October 2008 KSF appointed administrators, but the directors do not believe that this will have a material impact on the agreement that was in place prior to this event. As at 26 October 2008 the market value of the available for sale financial assets held by KSF was £25,549,000 and the outstanding debt was £19,529,000.

17. **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 three periods following the acquisition of DSGHL are as follows:

	26 October 2008	27 April 2008	29 April 2007	30 April 2006	24 April 2005
	£'000	£'000	£'000	£'000	£'000
Total fair value of plan assets	27,267	32,706	36,419	32,829	28,720
Present value of plan liabilities	(37,282)	(44,411)	(50,451)	(48,008)	(44,945)
Net plan obligations	(10,015)	(11,705)	(14,032)	(15,179)	(16,225)
Experience adjustments on plan liabilities	7,917	4,652	(1,620)	(1,354)	(2,156)
Experience adjustments on plan assets	(6,128)	(2,969)	1,164	257	3,382

The cumulative amount of actuarial gains and losses recognised in the statement of recognised income and expense as at 26 October 2008 was an actuarial gain of £3,145,000 (27 April 2008: actuarial loss of £1,356,000).

There were no unrecognised actuarial gains or losses or past service costs as at 26 October 2008 or 27 April 2008.

Amounts recognised in the income statement are as follows:

	26 weeks ended 26 October 2008	52 weeks ended 27 April 2008
	£'000	£'000
Current service cost	8	69
Interest on retirement benefit obligations	1,254	2,317
Expected return on plan assets	(1,056)	(2,266)
	206	120

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 recognised income and expense are as follows:

	26 weeks ended 26 October 2008 £'000	52 weeks ended 27 April 2008 £'000
Actual less expected return on assets	(6,128)	(2,969)
Actuarial gains relating to plan liabilities	7,917	4,652
	1,789	1,683

The actual return on plan assets for the 26 weeks ended 26 October 2008 was a loss of £5,072,000.

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

	26 weeks ended 26 October 2008 £'000	52 weeks ended 27 April 2008 £'000
At the start of the period	32,706	36,419
Expected return	1,056	2,266
Actuarial loss	(6,128)	(2,969)
Employer contributions	615	1,111
Employee contributions	14	56
Benefits paid out	(996)	(4,177)
At the end of the period	27,267	32,706

The Group expects to contribute £1,263,000 to its defined benefit pension plans for the 52 weeks ending 26 April 2009.

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

	26 October 2008 %	27 April 2008 %
Inflation rate	3.0	3.5
Future salary increases	n/a	n/a
Future pension increases	2.9	3.4
Discount rate	7.5	6.5

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

	26 weeks ended 26 October 2008 £'000	52 weeks ended 27 April 2008 £'000
At the start of the period	(44,411)	(50,451)
Current service cost	(8)	(69)
Interest cost	(1,254)	(2,317)
Actuarial gains	7,917	4,652
Employee contributions	(14)	(56)
Benefits paid out	996	4,177
Exchange loss	(508)	(347)
At the end of the period	(37,282)	(44,411)

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

	26 weeks ended 26 October 2008 £'000	52 weeks ended 27 April 2008 £'000
Net liability at the start of the period	(11,705)	(14,032)
Movement in fair value of plan assets	(5,439)	(3,713)
Movements in the present value of the plan liabilities	7,129	6,040
Net liability at the end of the period	(10,015)	(11,705)

18. **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:

	26 October 2008 £'000	28 October 2007 £'000	27 April 2008 £'000
Fair value of derivative financial instruments — assets/(liabilities)	40,818	(15,342)	(47,638)

In the financial information provided for the 26 weeks to 28 October 2007 the derivative financial instruments were presented as being entirely current liabilities. Following the adoption of IFRS 7 the financial instruments have now been split into their current and non-current elements for both the current and prior periods.

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

	26 October 2008	28 October 2007	27 April 2008
	£'000	£'000	£'000
US dollar purchases	600,000	1,583,119	1,081,668
Contracted rates	1.86 – 1.89	1.86 – 2.05	1.86 – 2.00
US dollar sales	(397,000)	(492,732)	(397,000)
Contracted rates	1.92 – 1.94	1.92 – 2.05	1.92 – 1.98
Euro sales	(183,746)	(35,707)	(259,716)
Contracted rates	1.32 – 1.40	1.40 – 1.40	1.25 – 1.40

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		
	26 October 2008	28 October 2007	27 April 2008	26 October 2008	28 October 2007	27 April 2008
	£'000	£'000	£'000	£'000	£'000	£'000
Sterling strengthens by 5%						
US dollar	(9,667)	(51,876)	(32,603)	(9,667)	(51,876)	(32,603)
Euro	8,750	1,700	12,367	8,750	1,700	12,367
Sterling weakens by 5%						
US dollar	10,150	54,469	34,233	10,150	54,469	34,233
Euro	(9,187)	(1,785)	(12,986)	(9,187)	(1,785)	(12,986)

19. **Cash inflows from operating activities**

	26 weeks ended 26 October 2008	26 weeks ended 28 October 2007	52 weeks ended 27 April 2008
	£'000	£'000	£'000
Profit before taxation	97,667	21,212	118,873
Net finance (income)/costs	(74,278)	(12,656)	39,636
Profit on disposal of available-for sale assets	(449)	—	(41,367)
Investment income	(363)	(2,203)	(2,507)
Share of profit of associated undertakings and joint ventures	(2,049)	(2,355)	(5,020)
Operating profit	20,528	3,998	109,615
Depreciation	22,594	18,722	35,583
Amortisation charge	1,550	662	2,023
Impairment of Goodwill	—	665	1,394
Loss on disposal of property, plant and equipment	—	275	—
Loss on disposal of intangibles	187	—	155
Loss on disposal of subsidiary undertakings	—	—	1,883
Defined benefit pension plan current service cost	206	58	69
Defined benefit pension plan employer contributions	(615)	(488)	(1,110)
Operating cash inflow before changes in working capital	44,450	23,892	149,612
(Increase)/decrease in receivables	(23,883)	(576)	6,395
Decrease in inventories	6,154	11,355	23,511
Increase/(decrease) in payables	17,279	(102,713)	(119,999)
Cash inflows/(outflows) from operating activities	44,000	(68,042)	59,519

20. **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 26 October 2008

Related party	**Relationship**	**Sales**	**Purchases**	**Trade and other receivables**	**Trade and other payables**
		£'000	**£'000**	**£'000**	**£'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 on M J W Ashley's 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.

26 weeks ended 28 October 2007

Related party	**Relationship**	**Sales**	**Purchases**	**Trade and other receivables**	**Trade and other payables**
		£'000	**£'000**	**£'000**	**£'000**
Pan World Brands Limited	Common control	—	—	441	—
Heatons	Associate	8,514	—	2,978	—
No Fear International Limited	Joint venture	—	—	17	(1,037)
M J W Ashley	Director	—	—	—	(526)
PBF International Limited	Joint venture	194	(261)	1,407	(91)
Sopotnik Trade	Associate	22	—	118	(31)

No interest was charged on M J W Ashley's 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.

On 10 July 2007 Group sold an Antigua A109 S Grand Helicopter to Mike Ashley for €4,806,175 (£3,235,547) plus VAT. The helicopter had been purchased by the company for €4,600,000.

During the period M J W Ashley loaned the Group £250m on arms length commercial terms and this amount was repaid in full on 26 October 2007.

Compensation paid to key management of the Group was £481,528, including pension contributions of £4,616.

21. **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.

22. **Post balance sheet events**

No material post balance sheet events have occurred after 26 October 2008 to the date of this Interim Report.