

22nd July 2010



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

Preliminary Results
For the 52 weeks to 25 April 2010

GROUP HIGHLIGHTS

- Group revenue up 6.2% to £1,452m (2009: £1,367m):
 - UK retail up 11.0% to £1,118m (2009: £1,007m)
 - International retail up 17.2% to £119.9m (2009: £102.3m)
 - Brands division down 17.4% to £190.5m (2009: £230.5m)
- Underlying EBITDA up 17.3% to £160.4m (2009: £136.8m) ⁽¹⁾
- Underlying profit before tax up 49.8% to £102.1m (2009: £68.2m) ^{(1) (2)}
- Reported profit before tax up 1,016.8% to £119.5m (2009: £10.7m)
- Group gross margin decreased by 20 basis points to 40.6% (2009: 40.8%):
 - UK retail gross margin down to 41.3% (2009: 42.5%)
- Underlying earnings per share up 56.2% to 12.39p (2009: 7.93p) ^{(1) (2)}
- UK Retail like-for-like gross contribution increased by 3.4%
- Strengthened our UK market leading position, continued international expansion and pursued our long-term focus on developing our licensing business within the Brands division
- Substantially reduced net debt by 27.7% to £311.9m (2009: £431.3m)
 - Net debt to underlying EBITDA of 1.9 times
- No final dividend

Dave Forsey, Chief Executive, said:

“The Group performed strongly throughout the year, achieving excellent sales and profit performances ahead of initial expectations 12 months ago. In addition, we have made significant progress in our debt reduction programme. I am especially pleased that over 2,000 permanent UK employees will benefit from their contribution to Group success through our meeting the first year’s target for the Employee Bonus Share Scheme introduced last year.

“Looking ahead, we are confident that initiatives we are taking across all areas of the Group, including improved staff training and new in-store merchandising areas, put us in a strong position for the next phase of our growth. We believe we are operationally stronger than ever. Accordingly, and assuming no significant deterioration in economic conditions, we are targeting underlying EBITDA at around £195m in the current financial year.”

(1) Underlying EBITDA, underlying profit before taxation and underlying EPS exclude 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.

Sports Direct International plc

Dave Forsey, Chief Executive
Bob Mellors, Group Finance Director

T: 0845 129 9229

Financial Dynamics

Jonathon Brill
Caroline Stewart
Alex Beagley

T: 0207 831 3113

CHIEF EXECUTIVE'S REPORT AND BUSINESS REVIEW

OVERVIEW OF FINANCIAL PERFORMANCE

It is good to be able to report on another year of strong growth for Sports Direct, achieved by delivering what we said we would. The resilience of our business model continues to add significant value to our operations by providing customers with an unrivalled depth and breadth of product choice at the best available prices, across all categories and in all stores for serious sportsmen and women.

With a number of new stores opened during the year in the UK and Europe, we are taking our offer to an ever increasing customer base which is responding positively to stronger in-store marketing and promotional initiatives. We are proud of our reputation for quality and remain as determined as ever to strengthen our position as the clear market leader in the UK sports retail sector.

I am especially pleased that so many of the team will benefit from their contribution to Group success through our meeting the first year's target for the Employee Bonus Share Scheme introduced last year.

GROUP

In the 52 weeks ended 25 April 2010 (the FY10 Year), we increased Group revenue 6.2% to a record £1,452m compared with revenue of £1,367m for the 52 weeks ended 26 April 2009. The increase was due to a strong performance in the Retail division where revenues rose 10.9% to £1,261m (2009: £1,137m). The Brand division revenues decreased as planned by 17.4% to £190.5m (2009: £230.5m).

Group gross margin in the year fell by 20 basis points from 40.8% to 40.6%. Retail division margin fell by 50 basis points to 40.8% (2009: 41.3%), while Brands division margin increased 60 basis points to 38.9% (2009: 38.3%).

Group operating costs increased 1.4% to £431.0m (2009: £425.0m). Retail division operating costs were well controlled and increased by only 3.3% in the year, despite an increase in floor space of 5.2% and a rise in sales of just under 11%. Brands division operating costs were down 23.4% to £54.2m (2009: £70.8m) due to a combination of the reduction in costs in line with turnover and operational efficiencies. Also included within Group operating costs is a £10.8m (2009: Nil) charge in respect of the Employee Bonus Share Scheme and Performance Share Plan. This charge has been taken centrally and, except in note 4 to the accounts, is not reflected in divisional (Retail and Brands) numbers in this report.

We grew Group underlying EBITDA for the year by 17.3% to £160.4m (2009: £136.8m). Within this underlying EBITDA, the Retail division increased 27.2% to £151.4m (2009: £119.0m) and the Brands division increased 11.2% to £19.8m (2009: £17.8m).

Group underlying profit before tax increased 49.8% to £102.1m (2009: £68.2m), as a result of the £23.6m increase in EBITDA together with a £12.8m reduction in interest payable and a £1.8m increase in depreciation.

Underlying EPS for the year increased by 56.2% to 12.39p (2009: 7.93p).

Debt reduction remains a priority for the Group. In December 2009, we announced a target to reduce net debt levels to below £400m by April 2010. In fact, we actually reduced net debt to £311.9m (2009: £431.3m). This was achieved by:

- growing underlying EBITDA from £136.8m to £160.4m
- reducing inventory levels through the year from £262.3m to £218.8m
- reducing levels of capital expenditure by approximately 50% to £19.4m as targeted last year
- reducing financing costs by £12.8m as a result of ongoing low interest rates and lower level of debt from £22.5m to £9.7m
- saving the cost of the 2009 final and 2010 dividends

In the current financial year and beyond, we will target to reduce levels of debt further to a range between one and 1.5 times underlying EBITDA by April 2011.

REVIEW BY BUSINESS SEGMENT

	52 weeks ended 25 April 2010 (£'m)	52 weeks ended 26 April 2009 (£'m)	Change %
Retail			
Revenue:			
UK retail	1,117.7	1,006.5	11.0
UK wholesale and other	23.5	28.0	-16.1
International retail	119.9	102.3	17.2
Total retail revenue	1,261.1	1,136.8	10.9
Cost of sales	(746.1)	(667.5)	11.8
Gross margin	515.0	469.3	9.7
Gross margin percentage	40.8%	41.3%	
Brands			
Revenue:			
Wholesale	167.3	203.6	-17.8
Licensing	23.2	26.9	-13.8
Total brands revenue	190.5	230.5	-17.4
Cost of sales	(116.4)	(142.2)	-18.1
Gross margin	74.1	88.4	-16.2
Gross margin percentage	38.9%	38.3%	

UK RETAIL

UK Retail revenues growth was primarily driven by our retail and logistics skills – providing the best products at the best prices with universal availability.

UK Retail sales were up 11.1% to £1,118m (2009: £1,007m). There were no major acquisitions or disposals within UK Retail during the year. Sales in the second half (H2) were up 7.2% to £531.7m (2009: £496.2m) against strong comparatives. The sales increase in H2 was better than expected, but was at the expense of a lower than anticipated margin.

Online revenue continues to grow strongly and we will look at opportunities to develop this revenue stream further. Order fulfilment and information technology solutions are developed in-house with full back-up support from our national distribution centre resources in Shirebrook, Derbyshire. The website has benefited from the increased recognition of the online brand with approximately 90% of core store fascias now branded SPORTSDIRECT.com. Online sales represented 4.5% of total UK Retail sales (2009: 1.5%). Between March and June 2010, we ran our first television advertising campaign. We saw a subsequent increase in both product-specific and new customer web traffic. A second campaign is likely to be launched in the autumn.

Overall UK Retail gross margin for the year fell by 120 basis points to 41.3% (2009: 42.5%). Margin for H2 was 40.9% (2009: 39.6%), impacted by comprehensive promotions and clearance of stock in advance of the FIFA 2010 World Cup ("World Cup").

At the time of the Group's interim results in December 2009, we expected sales in the second half to be lower than for the same period in 2009, with margin for the year as a whole to be at a similar level to 2009. The actual margin for the second half was lower than expected (as noted above) but this was more than compensated for by higher than expected sales partly arising from the sales generated ahead of the World Cup.

UK Retail like-for-like gross contribution increased by 3.4% over the 12 month period (full definition on page 8; in summary, gross contribution relates to actual stores, excluding online sales).

Operating costs increased 1.9% to £323.5m (2009: £317.6m) in spite of the UK minimum wage increase, an increase in floor space and a rise in sales of just over 11%.

Underlying EBITDA for UK Retail was £138.7m (2009: £107.0m). This increase was driven by a £37.7m increase in gross margin (including wholesale), offset by a £5.9m increase in operating costs.

During the year, the Office of Fair Trading (“OFT”) investigated our acquisition of stores from JJB Sports PLC (“JJB”), and concluded that in five locations they raised some concerns. The OFT subsequently referred the matter to the Competition Commission. On 18 March 2010, the Competition Commission cleared the acquisition of the 31 stores from JJB and ruled that there was not a substantial lessening of competition as a result of those acquisitions, nor any adverse effects on customers. We are still dealing with OFT & Serious Fraud Office (SFO) enquiries. While we have heard nothing from the OFT, we have provided the SFO with all the information they have required to date, and we have reason to hope that the investigation may be concluded in the autumn of this year.

The Group’s retail businesses performed strongly in a very difficult economic environment. Our retail model, offering outstanding value to our customers, proved as resilient as we expected it to be, both in the UK and internationally.

Throughout the year, we continued to focus on our fundamental approach of offering the customer the most comprehensive product range and the best availability while reducing our costs wherever possible. As ever, store portfolio was constantly under review, the performance of each store and ways of maximising performance being closely examined. We continued to develop our store layout and to incentivise our store staff in ways that encourage better customer service and performance.

During Spring 2010, we started construction work on an extension to our National Training Facility at Shirebrook, which is located within the on-site store. This exciting project involved a complete reorganisation of the store layout with new attractive specialist areas being refitted. Net sales area space increased from 18,000 sq ft to 25,000 sq ft. The store is now the blueprint for a roll-out programme of updating our core stores across the UK. Capital expenditure for this roll-out is included in the expected Group capital expenditure for FY11 of approximately £35.0m (2010: £19.4m).

We were delighted to achieve a notable first with the creation of a purpose-built Nike Training Academy at the Shirebrook site. This is the first time Nike has entered into such a partnership with a retail partner anywhere in the world. We are proud to host such a magnificent facility which will have its first open day on 21 July 2010 for up to 300 of our national retail team. The Academy demonstrates our commitment to develop our training of staff in close partnership with our key third party brands. We plan to have all permanent sales staff attend a technical training session in the Academy within 12 months of its opening as part of their on-going training and personal development. Our goal is to have the best trained and most knowledgeable staff in UK sports retail.

We continued to build on our store-in-store concept for certain key categories where we want to develop our role as the destination of choice for serious sportsmen and women. Our approach to the running category typifies how we are doing this, constantly seeking to develop our retail offer. Since October 2007, we have owned a 25% share in Brasher Leisure Ltd, trading as “Sweatshop”, one of the leading specialist running retailers in the UK. The strategy for the running category within Sports Direct is to develop with Sweatshop an attractive new sales area branded as “She Runs He Runs” catering to the growing “main stream” runner. These areas deliver on range, availability, price, clear merchandising and self help (if preferred) and will be further enhanced by the training initiatives being driven from our National Training Centre.

Installation progress has been swift with 50% of our 300 core stores already having “She Runs He Runs” sections. The roll-out programme to other stores continues. Additionally, 75% of stores now feature our specialist football “boot room” display area.

The strategy outlined on developing our running category will also be applied to certain other sporting areas, many of which are in different stages of development. These include golf, outdoor and cycling.

On 17 March 2010, the Group made an indicative, non binding offer for the entire issued and to be issued share capital of Blacks Leisure Group plc (“Blacks”) with a view to seeking that company’s recommendation. We were disappointed that this was not forthcoming. On 29 March 2010, Sports Direct announced that it had approached the board of Blacks to advise that it was seriously considering a material increase in the level of its indicative offer.

However, the Group also advised that it had become aware of indications that some key Blacks suppliers would

not supply the company if the Sports Direct offer was successful. Sports Direct requested confirmation of, and the details underlying, any such supplier indications to Blacks. In the event, this information was neither provided nor denied. Accordingly, Sports Direct determined that it would not be in its shareholders' interests formally to submit an offer. Blacks subsequently raised additional capital from its shareholders. We did not participate in this fundraising, believing it not to be the best use of the Group's funds.

As of 25 April 2010, we operated 387 stores in the UK (excluding Northern Ireland), a total retail sales space of circa 3.7m sq ft (2009: circa 3.5m sq ft).

During the course of the year, we opened 34 stores, including nine core stores, and closed six, one of which was core. We have taken advantage of the weaker property market during the year by taking 19 of the 25 new non-core stores on initial temporary lease/licence arrangements. This has enabled us to work very closely with landlords to exploit opportunities, with a view to converting initial temporary stores into long term lease agreements where appropriate. We currently operate 306 SPORTSDIRECT.com fascias, 19 Field & Trek, three Lillywhites and 59 other stores (Gilesports, Hargreaves etc).

	2010	2009
Core stores	300	292
Non-core stores	87	67
Total UK stores	387	359

In the 12 months to 25 April 2010, 53 rent reviews were agreed on stores. The average increase in rent was 9.9% (1.91% annual equivalent). There are currently 80 rent reviews outstanding with a further 50 falling due in 2010-11.

For a number of years, our UK Retail division has occupied 32 stores which are owned by Mike Ashley, the Group's major shareholder, under the terms of a five year lease dated March 2007. The management intend to discuss with shareholders and Mr Ashley the possibility of obtaining a year's extension to the current term together with an option to purchase these properties during the extension period at a price no more than original cost. The option would require non-related party shareholder approval and would contain terms whereby it would be exercised only if it were demonstrably in the Group's interest to do so.

In the current financial year, we are targeting to open between six and ten new core stores in the UK, excluding Northern Ireland. We will continue to open temporary non-core stores as suitable opportunities arise and convert as many of these as is justified to long term deals.

INTERNATIONAL RETAIL

International Retail sales were up 17.2% to £119.9m (2009: £102.3m). On a currency neutral basis, the increase was 11.0%.

International Retail grew gross margin by 40 basis points due to improved stock control.

Operating costs within International Retail increased by 16.1% to £42.5m (2009: £36.6m). The increase was less than the £8.1m increase in gross margin and, together with a £1.5m decrease in income from associates, resulted in an increase in underlying EBITDA of 5.8% to £12.7m (2009: £12.0m).

Internationally, as at 25 April 2010 we operated 44 stores in Belgium, 12 in Slovenia, four in Holland, three in

Cyprus, one in France and one in Luxembourg. All of these stores are operated by companies wholly owned by the Group. We opened seven new stores in Europe, including two relocations, in the period including our first store in France. We closed four smaller stores during the year. As at 25 April 2010, international retail operated from a total retail sales space of c. 650,000 square feet (2009: c. 620,000 square feet).

The Group increased its shareholding in the Heatons chain to 50%, up from 42.5%. There are 11 Sports Direct stores in Northern Ireland and 23 sports stores in the Republic of Ireland.

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

Brands total revenue reduced 17.4% to £190.5m (2009: £230.5m), driven by our deliberate strategy to change the mix of sales from predominantly wholesale to licensing.

Wholesale revenues were down 17.8% to £167.3m (2009: £203.6m), in line with the strategy to focus on contribution rather than revenue. This strategy is well illustrated by our move from wholesale to licensing in the North American market for Dunlop golf.

The market for our Wholesale businesses in the UK, Europe and the US remain challenging and the customer base has been restructured to eliminate unprofitable business.

Licensing revenues were down 13.8% to £23.2m (2009: £26.9m) which was in line with our expectations and, in light of our decision to cancel one significant Everlast licence, with the attendant costs.

Tough market conditions, particularly in North America, resulted in decreased licensing income during the year with key licensees leading to a fall in the level of income in excess of the licence minimums. We continue, however, to lay the foundations for future growth. During FY10, we signed agreements with 71 licensees, covering multiple brands and product categories, with minimum contracted values of \$87m over the terms of the agreements.

Longer term, we regard licensing as the key driver for the Brands division profitability and growth of the business. Our resources have been adjusted in order to focus on this objective. The main growth areas are expected to be Asia Pacific and the Americas.

Brands gross margin improved to 38.9% (2009: 38.3%), reflecting the improved mix of sales and a slight improvement in wholesale gross margin to 30.4% (2009: 30.2%).

Operating costs decreased by 23.4% to £54.2m (2009: £70.8m), partly as a result of the lower revenue. The consolidation of the Brands division management into Shirebrook continued and costs were tightly controlled as systems and working practices were standardised. Payroll costs in the division reduced significantly.

Our continued aim is to limit costs in FY11 such that the Wholesale contribution covers operating costs and all licensing income is retained as profit.

Underlying EBITDA increased 11.2% to £19.8m (2009: £17.8m) as the decrease in costs of £16.6m was greater than the decrease in gross profit of £14.3m.

Cash flow in the division was strong with tight working capital management resulting in a reduction in stock and debtors of £15.1m and £19.6m respectively.

The business continues to sponsor and receive endorsements from leading players and tournaments including Slazenger's 107th year as the official ball supplier for the Wimbledon championships. We believe this to be one of

the longest continuous sponsorship arrangements anywhere in the world. Slazenger continues to sponsor Matt Prior and Paul Collingwood and we congratulate Paul as England's captain at the recent ICC World Twenty20 cricket competition where England scored a notable victory over Australia to win the tournament, who were also captained by Slazenger endorsee Michael Clarke.

Dunlop has recently signed Nikolay Davydenko and Fernando Verdasco, both ranked in the world's top 10 tennis players. Lee Westwood, number 3 in the world rankings, continues to shine in the world's top golf tournaments under the sponsorship of Dunlop apparel.

KEY PERFORMANCE INDICATORS

The Board monitors the performance of the Group by reference to a number of key performance indicators (KPIs) which are discussed in this Report and Business Review and also in the Financial Review and in the Corporate Responsibility Report on pages 9 to 12 and 28 to 30 respectively. The most important of these KPIs are:

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
Financial KPIs		
Group revenue	£1,452m	£1,367m
Underlying EBITDA ⁽¹⁾	£160.4m	£136.8m
UK Retail gross margin	41.3%	42.5%
UK Retail like-for-like stores gross contribution ⁽²⁾	+3.4%	+2.5%
Underlying earnings per share ⁽³⁾	12.39p	7.93p
Non Financial KPIs		
No. of core stores ⁽⁴⁾	300	292
Customer complaints % change ⁽⁵⁾	+4.0%	-7.5%
Employee turnover	17.0%	29.0%
Cardboard recycling	5,847 tonnes	6,007 tonnes

(1) The way in which underlying EBITDA is calculated is set out in the Financial Review.

(2) Like-for-like gross contribution for UK Retail is the percentage change in successive 12 month periods. Like-for-like gross contribution is adjusted to eliminate the impact of foreign currency movements. A like-for-like store is one that has been trading for the full 12 months in both periods, and has not been affected by a significant change such as a refit. Store gross contribution is the excess of sales revenue (net of VAT) over the cost of goods sold. This KPI excludes online sales revenue. The gross contribution would only be adjusted if a significant promotion affected the comparison.

(3) The way in which underlying earnings per share is calculated is set out in the Financial Review.

(4) A core store is a store acquired and fitted out by the Group or otherwise so designated.

(5) The monitoring of customer complaints is described in the Corporate Responsibility Report.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT AND PERFORMANCE OF THE GROUP'S BUSINESSES

The Group's retail businesses will undoubtedly be affected by the economic climate and changes therein. Movements in interest rates and exchange rates affect the businesses directly and consumer confidence and spending is affected by a wide range of factors including employment, tax and interest rates, house prices and the general 'feel good factor', factors beyond the Group's influence. We are relieved that the Government has given plenty of warning that the VAT increase to 20% will not take place until 4 January 2011.

All of the above apply equally to our Brands businesses, both wholesale and licensing. Reduction in customer demand is reflected in the wholesaling and licensing business, as orders and royalties are affected. Moreover, in difficult economic times, suppliers come under increasing pressure to reduce their prices to their customers and all suppliers run the risk of their customers ceasing to trade, reducing demand for their products. Difficult economic conditions can also make it difficult for suppliers to obtain credit insurance in respect of some customers, leaving the supplier with a difficult question of whether or not to supply and, if they do, with the attendant risk of bad debts.

The Group is now applying hedge accounting, which is in line with other major retailers. This will reduce an element of potential volatility in reported profit.

OUR STRATEGY FOR GROWTH

We are confident that the Group is well placed to deliver significant further growth in the future. Our focus remains strongly on growing the core UK Retail business by continuing to drive efficiencies and deliver the unrivalled value for money which our growing customer base has come to expect, while developing our offering in specialist sports categories. We have established an excellent platform for growth which we will build on with our proposed EBITDA related share bonus scheme.

Outside the UK, our Brands business will focus on licensing opportunities and will continue to restructure the wholesale businesses. We will continue to invest in our brands through advertising and promotion.

We believe that acquisitions and strategic investments in other related businesses are beneficial to the Group and we will continue to evaluate opportunities as they arise while, for the time being, remaining mindful of the priority to reduce debt.

EMPLOYEES

In no small measure, the progress we continue to make is down to the dedication and expertise of our over 17,000 staff throughout the business. I am delighted to take this opportunity to thank everyone in the team for their outstanding contribution and I look forward to working with them towards our further growth and success.

We intend to incentivise staff further by enabling them to share in the Group's success through a new Share Bonus Scheme for which we will seek approval at the AGM. The share bonus scheme is focused on underlying EBITDA. It is designed to motivate colleagues, help improve retention of key employees and to align the interests of employees and shareholders. The Share Scheme is also aligned with the Group's business plan.

All permanent UK employees in UK Retail, Brands and Head Office with at least one year's service participated in the 2009/10 Bonus Share Scheme.

The bonus is in two stages. The first bonus is 25% of base pay in shares of £1.00 per share. The first bonus target was underlying EBITDA of £155m in 2009-10 and was achieved in the year. The first bonus will vest in two years' time and is subject to continuous employment until then. The bonus targets are stretch targets and are net of scheme costs.

The second bonus is 75% of base pay in shares of £1.25 per share. The second stage of the bonus is conditional upon the first bonus target being met in 2009-10, which has already been achieved, and the second bonus targets are underlying EBITDA of £195m in 2010-2011, and underlying EBITDA/Net Debt ratio of two or less at the end of 2010-11. The shares vest, subject to continuous employment until then, two years after the second bonus targets are met.

Proposals will be put forward to shareholders at the forthcoming AGM to extend and revise the Bonus Share Scheme for subsequent periods.

CURRENT TRADING/ FIFA WORLD CUP 2010

The build up to the World Cup started during spring 2010 with the launch of the Umbro "Away" red shirt on 3

March. Trade in this period was as strong as expected, culminating in the strongest trading day that the Company has ever experienced on the day of the USA match. We continue to offer the most comprehensive range of England branded products including special edition shirts as well as name and number personalisation. Also, this was the first FIFA World Cup for the online store and both traffic and sales have grown significantly.

Unfortunately, the period during the tournament was less successful and sales correlated with the poor performance of the England team and the negative mood this created amongst fans and consumers.

Our buying team had followed the seedings and we were confident of at least a “last eight” outcome for England, so exiting the tournament before that meant in effect that we were one game short (although this was exacerbated by the disappointing performance in the four games). Therefore, the negative impact of clearing the excess stock will offset some of the positive pre-tournament trade.

Nevertheless, current UK Retail trading remains well ahead of the same period last year.

OUTLOOK

Looking ahead, although we shall have to manage the impact of the announced increase in VAT in January 2011, we are confident that initiatives we are taking across all areas of the Group, including improved staff training and new, specialist in-store merchandising areas, put us in a strong position for the next phase of our growth. We believe we are operationally stronger than ever. Accordingly, and assuming no significant deterioration in economic conditions, we are targeting FY11 Group underlying EBITDA of around £195m.

Dave Forsey
Chief Executive
22 July 2010

FINANCIAL REVIEW

Basis of reporting

The financial statements for the Group for the 52 weeks ended 25 April 2010 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Summary of results

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009	Change
	(£'m)	(£'m)	%
Revenue:	1,451.6	1,367.3	+6.2
Underlying EBITDA	160.4	136.8	+17.3
Underlying profit before tax	102.1	68.2	+49.8
Reported profit before taxation	119.5	10.7	+1,016.8
	Pence per share	Pence per share	
Reported EPS	15.73	(2.79)	+663.9
Underlying EPS	12.39	7.93	+56.2

The directors believe that underlying EBITDA, underlying profit before tax and underlying earnings per share provide the more useful information for shareholders on the underlying performance of the business than the reported numbers 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 the impact of foreign exchange, and any exceptional and other non-trading items.

	EBITDA £m	PBT £m
Operating profit	58.0	
Depreciation	47.5	
Amortisation	2.9	
Exceptional items	10.0	
Share of profit of associated undertakings	7.2	
Excess of fair value over consideration – associates	(3.9)	
Fair value adjustment within associates	(1.1)	
Reported	120.6	119.5
Realised FX Loss	39.8	39.8
IAS 39 FX fair value adjustment on forward currency contracts	-	(37.7)
Other investment income	-	(24.5)
Exceptional items	-	10.0
Excess of consideration over fair value	-	(3.9)
Fair value adjustment within associates	-	(1.1)
Underlying	160.4	102.1

There is a significant difference between underlying and the higher reported profit before tax. Underlying profits before tax (and underlying EBITDA) exclude exceptional items, which decreased profit by £10.0m, realised exchange profit/loss and IFRS revaluation of foreign currency contracts, which decreased 2010 profits by £39.8m and increased profit by £37.7m respectively, a £3.9m profit arising from fair value exceeding consideration paid for an associate, and a £1.1m profit on fair value adjustments within associated undertakings.

Revenue and margin	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009	Change
	(£'m)	(£'m)	%
Retail Revenue:			
UK Retail	1,117.7	1,006.5	+11.0
UK wholesale and other	23.5	28.0	-16.1
International Retail	119.9	102.3	+17.2
Total	1,261.1	1,136.8	+10.9
Brands Revenue:			
Wholesale	167.3	203.6	-17.8
Licensing	23.2	26.9	-13.8
Total	190.5	230.5	-17.4
Total revenue	1,451.6	1,367.3	+6.2

Total Group revenue increased by 6.2%.

Retail revenue increased by 10.9%. The UK accounted for 90.5% of total retail revenues with the balance in continental European stores.

Retail margins in the UK decreased from 42.5% to 41.3%.

Our representation in both parts of Ireland is covered by Heaton's, in which we now have a 50.0% interest, the results of which continue to be reported as an associate.

Brands revenue decreased by 17.4%. Licensing income decreased by 13.8%, with a decrease in wholesale revenue of 17.8%.

Brands margins increased from 38.3% to 38.9%.

Selling, distribution and administration costs

Selling, distribution and administration costs for the Group decreased as a percentage of revenue. This was as a result of cost and efficiency savings offsetting inflation.

Foreign exchange

The Group manages the impact of currency movements through the use of forward fixed rate currency purchase and sales contracts. The Company's policy has been to hold or hedge up to four years (with generally a minimum of one year) on anticipated purchases in foreign currency.

The exchange loss of £39.8m (2009: £14.2m gain) included in administration costs have arisen from:

- a) accepting Dollars and Euros at the contracted rate; and
- b) the translation of Dollars and Euro denominated assets and liabilities at the period end rate or date of realisation.

The exchange gain of £37.7m (2009: £12.6m gain) included in finance income substantially represents the reduction in the mark-to-market provision made (under IFRS) for the forward contracts at 26 April 2009. A number of the forward contracts outstanding at 25 April 2010 qualify for hedge accounting and the fair value gain on these contracts of £10.9m has been credited to equity through the Consolidated Statement of Comprehensive Income. The Group has sufficient US Dollar contracts to cover all purchases in UK Retail for the 2011 financial year. These hedged contracts are at an average rate of 1.617.

The sterling exchange rate with the US dollar was \$1.471 at 26 April 2009 and \$1.538 at 25 April 2010.

Exceptional operating costs and revenues

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	(£'m)	(£'m)
Impairment of intangible assets	-	14.8
Impairment of freehold property	-	15.7
Provision for legal costs relating to regulatory enquiries	7.8	-
Provision for the cost of legal disputes	2.2	-
	10.0	30.5

Finance income

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	(£'m)	(£'m)
Bank interest receivable	0.5	1.2
Other interest receivable	0.3	-
Expected return on pension plan assets	1.6	2.1
Fair value adjustment to forward foreign exchange contracts	37.7	12.6
	40.1	15.9

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.

Finance costs

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	(£'m)	(£'m)
Interest on bank loans and overdrafts	(8.0)	(20.0)
Interest on other loans	(0.2)	(1.1)
Interest on retirement benefit obligations	(2.3)	(2.5)
Fair value adjustment to forward foreign exchange contracts	-	-
	(10.5)	(23.6)

The fall in interest payable is a result of the reduction in interest rates and borrowings during the year.

Taxation

The effective tax rate on profit before tax for 2010 was 25.3% (2009: 245.6%). This rate reflects depreciation on non-qualifying assets and the non-relievable losses in certain overseas subsidiaries.

Excluding the impact of non-recurring items, the effective rate of taxation for the year would be 31.4% (2009: 32.9%).

Earnings

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009	Change
	pence per share	pence per share	%
Reported EPS	15.73	(2.79)	+663.9
Underlying EPS	12.39	7.93	+56.2
Weighted average number of shares (actual)	568,455,000	568,452,000	

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 year 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 after tax are as follows:

	52 weeks ended 25 April 2010 (£'m)	52 weeks ended 26 April 2009 (£'m)
Profit after tax:	89.4	(15.8)
Post tax effect of exceptional items:		
Fair value adjustment to forward foreign exchange contracts	(27.1)	(8.5)
Realised loss/(profit) on forward foreign exchange contracts	28.6	(9.6)
Other investment income	(24.1)	(1.0)
Costs relating to regulatory enquiries	5.6	-
Excess of fair value of assets acquired over consideration	(2.8)	-
Legal dispute	1.6	-
Derecognition of listed investments	-	53.2
Impairment of freehold property	-	15.6
Impairment of intangible assets	-	10.0
Fair value adjustment within associated undertakings	(0.8)	1.2
Underlying profit after tax	70.4	45.1

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

Capital expenditure amounted to £19.4m (2009: £37.8m). This included £0.5m (2009: £6.4m) on freehold property. The remaining balance includes expenditure on licences, which is included in intangible assets.

Acquisitions

The Group spent £3.3m on acquisitions during the year. The principal acquisitions were the remaining 22% of share capital in Antigua Enterprises that was not previously owned by the Group and an additional 7.5% stake in Heatons.

Strategic investments

During the year, the Group held investments in Blacks Leisure, JD Sports and JJB Sports. Changes in the value of these shares are recognised directly in equity, while for Contracts for Difference they are recognised in the Income Statement, in accordance with IFRS.

	25 April 2010 (£'m)
Total available for sale investments at 26 April 2009	5.5
Additions in the period	22.2
Disposal proceeds in the period	(8.1)
Profit taken to the income statement	18.3
Revaluation through equity	13.7
Total available for sale investments at 25 April 2010	51.6

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 were in dispute with the Administrators concerning the ownership of the shares they held. In the 2009 financial statements we concluded that we may not directly “control” the shares for accounting purposes and, therefore, treated them as having been derecognised.

On 21 February, the Company entered into an agreement with the Administrator of KSF to acquire any rights which may be determined they hold.

On 13 May, the judgement of the court proceedings which commenced on 26 April 2010 was handed down. The court determined that the Group acquired a beneficial interest in 12,153,071 ordinary shares in Blacks Leisure and 5,775,255 ordinary shares in JD Sports on 8 October 2008. This acquisition is reflected in these financial statements. The judgement also meant that the Group regained control of the shares.

The Administrator of KSF has now appealed the decision, but Sports Direct’s ownership of the shares is no longer in dispute. Were KSF to be successful in their appeal, then Sports Direct would be required to pay an amount of c. £14.7m, which is currently held in escrow and included in other debtors. This amount represents the difference in value of the shares between 8 October 2008 and 21 February 2010.

The Group also has a claim submitted with the administration for the shares in Amer Sports, Blacks and JD that were not in KSF’s possession and also for the dividends and Group funds held by KSF. This amounts to approximately £9.1m in total and the latest information from the Administrator suggests a distribution of around 70%. This amount is included in other debtors.

The respective shareholdings at 25 April 2010 and 26 April 2009 (not reflecting the derecognition for accounting purposes) were as follows:

	At 25 April 2010		At 26 April 2009	
	Shares (m)	Holding	Shares (m)	Holding
Blacks Leisure Group	12.153	28.50%	12.728	29.85%
Amer Sports Corporation	-	-	1.066	1.48%
JD Sports Fashion	5.775	11.97%	6.475	13.31%
JJB Sports	-	-	11.944	4.76%

On 24 May 2010, Blacks Leisure issued 39,281,011 new ordinary shares as part of a fundraising in which the Group did not participate. As a result, the Group’s interest in 12.153m shares now represents 14.5% of Blacks’ share capital.

Cash flow and net debt

In addition to the amounts invested in capital expenditure and acquisitions, the Group paid a net £8.3m (a cash outflow £16.3m and inflow of £8.0m), for the purchase and disposal of strategic investments. Net debt decreased by £119.4m from £431.3m at 26 April 2009 to £311.9m at 25 April 2010.

The analysis of debt at 25 April 2010 was as follows:

	At 25 April 2010	At 26 April 2009
	(£’m)	(£’m)
Cash and cash equivalents	25.1	32.4
Borrowings	(337.0)	(463.7)
Net debt	(311.9)	(431.3)

The Group continues to operate comfortably within its banking facilities and covenants. Our facilities are in place until April 2011 and we will continue discussions with banks during the current financial year.

Cash Flow

Total movement is as follows:

	At 25 April 2010 (£'m)	At 26 April 2009 (£'m)
Underlying EBITDA	160.4	136.8
Realised (loss)/profit on forward foreign exchange contracts	(39.8)	14.2
Taxes paid	(34.7)	(25.3)
Free cash flow	85.9	125.7
Invested in:-		
Working capital and other	80.5	(31.5)
Acquisitions (including debt)	(3.3)	(6.6)
Net (purchase of)/proceeds from investments	(8.3)	8.9
Reduction in KSF debt	-	20.3
Net capital expenditure	(18.8)	(34.8)
Equity dividend paid	(6.9)	(25.6)
Finance costs and other financing activities	(9.7)	(22.5)
Decrease in net debt	119.4	33.9

Reconciliation of movement in equity

Total equity movement is as follows:

	25 April 2010 (£'m)
Total equity at 26 April 2009	153.7
Profit after tax for the 52 weeks ended 25 April 2010	89.4
Share-based payment	10.8

Items taken directly to equity:

	25 April 2010 (£'m)
Exchange differences on translation of foreign operations	(8.0)
Exchange differences on hedged contracts	10.9
Actuarial loss on pension	(8.2)
Fair value adjustment in respect of available-for-sale financial assets	13.7
Tax on items taken directly to equity	(0.8)

Movement in equity issues:

Movement in minority interests	(1.8)
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Total equity at 25 April 2010	259.7
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Pensions

The Group operates a number of closed defined benefit schemes in the Dunlop Slazenger companies. The net deficit in these schemes increased from £12.3m at 26 April 2009 to £19.7m at 25 April 2010.

Bob Mellors

Finance Director
22 July 2010

CONSOLIDATED INCOME STATEMENT FOR THE 52 WEEKS ENDED 25 APRIL 2010

		52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	Notes	£'000	£'000
Revenue	1,2	1,451,621	1,367,321
Cost of sales		(862,490)	(809,685)
Gross profit		589,131	557,636
Selling, distribution and administrative expenses		(524,611)	(463,297)
Other operating income		3,493	4,004
Exceptional items	3	(9,986)	(30,514)
Operating profit	2,4	58,027	67,829
Transfer of historic losses on available-for-sale financial assets	12	-	(53,156)
Other investment income	5	24,513	1,035
Dividend income from investments		140	172
Finance income	6	40,150	15,927
Finance costs	7	(10,528)	(23,633)
Share of profit of associated undertakings and joint ventures		7,200	2,482
Profit before taxation		119,502	10,656
Taxation	8	(30,286)	(26,164)
Profit/(loss) for the period	2	89,216	(15,508)
Attributable to:			
Equity holders of the Group		89,433	(15,838)
Minority interests		(217)	330
Profit/(loss)profit for the period	2	89,216	(15,508)

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

		Pence per share	Pence per share
Basic earnings per share	9	15.73	(2.79)
Diluted earnings per share	9	14.76	(2.79)

The Consolidated Income Statement has been prepared on the basis that all operations are continuing.

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 52 WEEKS ENDED 25 APRIL 2010

		52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
Notes		£'000	£'000
Profit/(loss) for the period	2	89,216	(15,508)
Other comprehensive income			
Exchange differences on translation of foreign operations		(7,947)	44,654
Exchange differences on hedged contracts	18	10,942	-
Actuarial losses on defined benefit pension schemes		(8,184)	(449)
Fair value adjustment in respect of available-for-sale financial assets	12	13,704	(28,586)
Transfer of historic losses on available-for-sale financial assets	12	-	53,156
Taxation on items taken directly to equity	16	(838)	(6,849)
Total comprehensive income for the period		96,893	46,418
Attributable to:			
Equity holders of the Group		97,110	46,088
Minority interests		(217)	330
		96,893	46,418

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 25 APRIL 2010

		25 April 2010	26 April 2009
	Notes	£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	270,918	295,795
Intangible assets	11	216,944	221,958
Investments in associated undertakings and joint ventures		38,742	32,379
Available-for-sale financial assets	12	51,566	5,467
Deferred tax assets	16	10,101	15,468
		<u>588,271</u>	<u>571,067</u>
Current assets			
Inventories	13	218,803	262,263
Trade and other receivables		114,533	111,932
Derivative financial assets	18	13,648	-
Cash and cash equivalents		25,121	32,358
		<u>372,105</u>	<u>406,553</u>
TOTAL ASSETS		<u>960,376</u>	<u>977,620</u>
EQUITY AND LIABILITIES			
Share capital	14	64,050	64,045
Share premium		874,300	874,300
Treasury shares reserve		(85,088)	(85,088)
Permanent contribution to capital		50	50
Capital redemption reserve		8,005	8,005
Foreign currency translation reserve		40,633	48,580
Reverse combination reserve		(987,312)	(987,312)
Own share reserve		(6,094)	(6,094)
Retained earnings		349,788	233,964
		<u>258,332</u>	<u>150,450</u>
Minority interests		1,383	3,232
Total equity		<u>259,715</u>	<u>153,682</u>
Non-current liabilities			
Other payables		2,345	2,656
Borrowings	15	3,352	4,713
Retirement benefit obligations		19,739	12,324
Deferred tax liabilities	16	35,946	33,490
Provisions	17	45,598	36,419
		<u>106,980</u>	<u>89,602</u>
Current liabilities			
Derivative financial liabilities	12	-	34,993
Trade and other payables		240,664	209,739
Borrowings	15	333,659	458,899
Current tax liabilities		19,358	30,705
		<u>593,681</u>	<u>734,336</u>
Total liabilities		<u>700,661</u>	<u>823,938</u>
TOTAL EQUITY AND LIABILITIES		<u>960,376</u>	<u>977,620</u>

The accompanying accounting policies and notes form part of these financial statements. The financial statements were approved by the Board on 22 July 2010 and were signed on its behalf by:

Bob Mellors

Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 25 APRIL 2010

		52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	Notes	£'000	£'000
Cash inflow from operating activities	19	199,476	117,470
Income taxes paid		(34,838)	(25,305)
Net cash inflow from operating activities		<u>164,638</u>	<u>92,165</u>
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		624	3,002
Proceeds on disposal of listed investments		8,040	13,807
Derecognition of listed investments		-	20,298
Purchase of subsidiaries, net of cash acquired		(3,330)	(6,608)
Purchase of intangible assets		(2,586)	(3,958)
Purchase of property, plant and equipment		(16,792)	(33,872)
Purchase of listed investments		(16,301)	(4,887)
Investment income received		1,723	2,088
Net cash outflow from investing activities		<u>(28,622)</u>	<u>(10,130)</u>
Cash flow from financing activities			
Finance income received		806	1,161
Finance costs paid		(10,528)	(23,633)
(Repayments of)/increase in borrowings		(14,303)	1,745
Proceeds from share issues		5	-
Equity dividend paid		(6,935)	(25,580)
Net cash outflow from financing activities		<u>(30,955)</u>	<u>(46,307)</u>
Net increase in cash and cash equivalents including overdrafts		105,061	35,728
Cash and cash equivalents including overdrafts at beginning of period		<u>(410,325)</u>	<u>(446,053)</u>
Cash and cash equivalents including overdrafts at the period end		<u><u>(305,264)</u></u>	<u><u>(410,325)</u></u>

The accompanying accounting policies and notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 52 WEEKS ENDED 25 APRIL
2010**

	Treasury shares £'000	Foreign currency translatio n £'000	Own share reserve £'000	Retained earnings £'000	Other reserve s £'000	Sub- total £'000	Minorit y s £'000	Total £'000
At 27 April 2008	(201,483)	3,926	-	363,636	(40,912)	125,167	3,242	128,409
Dividends	-	-	-	(20,805)	-	(20,805)	-	(20,805)
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)	-	-	-	-
Minority Interests - acquisitions	-	-	-	-	-	-	(340)	(340)
						(20,805)	(340)	(21,145)
Transactions with owners	116,395	-	(6,094)	(131,106)	-	-	-	-
Loss for the financial period	-	-	-	(15,838)	-	(15,838)	330	(15,508)
Other comprehensive income								
Translation differences - Group	-	41,293	-	-	-	41,293	-	41,293
Translation differences - associates	-	3,361	-	-	-	3,361	-	3,361
Income recognised directly in equity	-	-	-	17,272	-	17,272	-	17,272
Total comprehensive income for the period	-	44,654	-	1,434	-	46,088	330	46,418
At 26 April 2009	(85,088)	48,580	(6,094)	233,964	(40,912)	150,450	3,232	153,682
Issue of ordinary shares	-	-	-	-	5	5	-	5
Share-based payments	-	-	-	10,767	-	10,767	-	10,767
Minority Interests - acquisitions	-	-	-	-	-	-	(1,632)	(1,632)
Transactions with owners	-	-	-	10,767	5	10,772	(1,632)	9,140
Profit for the financial period	-	-	-	89,433	-	89,433	(217)	89,216
Other comprehensive income								
Income recognised directly in equity	-	-	-	15,624	-	15,624	-	15,624
Translation differences - Group	-	(7,860)	-	-	-	(7,860)	-	(7,860)
Translation differences - associates	-	(87)	-	-	-	(87)	-	(87)
Total comprehensive income for the period	-	(7,947)	-	105,057	-	97,110	(217)	96,893
At 25 April 2010	(85,088)	40,633	(6,094)	349,788	(40,907)	258,332	1,383	259,715

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.

The final dividend for 2008 of £13,870,000 (2.44p) was paid on 31 October 2008 and the interim dividend for 2009 of £6,935,000 (1.22p) was paid on 30 April 2009.

The accompanying accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 APRIL 2010

1. Accounting policies

The financial information which comprises the consolidated income statement, consolidated statement of recognised income and expense, consolidated balance sheet, consolidated cash flow statement and related notes do not constitute full accounts within the meaning of s435 of the Companies Act 2006.

The auditors have reported on the Group's statutory accounts for the 52 week period ended 25 April 2010 under s495 of the Companies Act 2006, which does not contain statements under s498(2) or s498(3) of the Companies Act 2006 and is unqualified. The statutory accounts for the 52 week period ended 25 April 2010 will be filed with the Registrar in due course.

The auditors have reported on the Group's statutory accounts for the 52 week period ended 26 April 2009 under s495 of the Companies Act 2006, which does not contain statements under s498(2) or s498(3) of the Companies Act 1985 and is unqualified. The statutory accounts for the 52 week period ended 26 April 2009 have been delivered to the Registrar of Companies.

The consolidated financial information has been prepared in accordance with IFRS as adopted for use in the European Union (including International Accounting Standards ("IAS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted for use in the European Union. The consolidated financial information has been prepared under the historical cost convention, as modified to include fair valuation of financial assets and derivative financial instruments.

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

2. Segmental analysis

Operating 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 52 weeks ended 25 April 2010:

	Retail			Brands			Eliminations	Total		
	UK		International	Total	Wholesale	Licensing				
	UK retail	& other							UK total	retail
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Sales to external customers	1,117,674	23,519	1,141,193	119,918	1,261,111	167,292	23,218	190,510	-	1,451,621
Sales to other segments	-	2,274	2,274	136	2,410	3,673	-	3,673	(6,083)	-
Revenue	<u>1,117,674</u>	<u>25,793</u>	<u>1,143,467</u>	<u>120,054</u>	<u>1,263,521</u>	<u>170,965</u>	<u>23,218</u>	<u>194,183</u>	<u>(6,083)</u>	<u>1,451,621</u>
Gross profit			<u>462,365</u>	<u>52,716</u>	<u>515,081</u>			<u>74,050</u>	<u>-</u>	<u>589,131</u>
Operating profit before foreign exchange and exceptional items			<u>88,998</u>	<u>3,535</u>	<u>92,533</u>			<u>15,227</u>	<u>-</u>	<u>107,760</u>
Operating profit			<u>41,722</u>	<u>3,472</u>	<u>45,194</u>			<u>12,833</u>		<u>58,027</u>
Other investment income										24,513
Dividend income from investments										140
Finance income										40,150
Finance costs										(10,528)
Share of profits of associated undertakings and joint ventures										7,200
Profit before taxation										<u>119,502</u>
Taxation										<u>(30,286)</u>
Profit for the period										<u>89,216</u>

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 25 April 2010:

	Retail	Brands	Total
	£'000	£'000	£'000
Depreciation	45,208	2,240	47,448
Amortisation	434	2,463	2,897

Information regarding segment assets and liabilities as at 25 April 2010 and capital expenditure for the 52 weeks then ended:

	Retail	Brands	Eliminations	Total
	£'000	£'000	£'000	£'000
Investments in associated undertakings and joint ventures	31,445	7,297	-	38,742
Other assets	784,056	245,392	(107,814)	921,634
Total assets	<u>815,501</u>	<u>252,689</u>	<u>(107,814)</u>	<u>960,376</u>
Total liabilities	<u>(604,785)</u>	<u>(203,690)</u>	<u>107,814</u>	<u>(700,661)</u>
Tangible asset additions	16,572	220	-	16,792
Intangible asset additions	837	1,749	-	2,586

	Retail	Brands	Eliminations	Total
	£'000	£'000	£'000	£'000
Total capital expenditure	17,409	1,969	-	19,378

Segmental information for the 52 weeks ended 26 April 2009:

	Retail			Brands			Eliminations	Total
	UK wholesale		International	Total Wholesale		Licensing	Total	
	UK retail	& other	UK total	retail	£'000	£'000	£'000	£'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
Sales to other segments	-	2,274	2,274	361	2,635	18,248	-	18,248
Revenue	1,006,462	30,293	1,036,755	102,690	1,139,445	221,814	26,945	248,759
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
Other investment income								1,035
Transfer of historic losses on available-for-sale financial assets								(53,156)
Dividend income from investments								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:

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

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

Geographic segments

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

Segmental information for the 52 weeks ended 25 April 2010:

	UK	Non-UK	Eliminations	Total
	£'000	£'000	£'000	£'000
Segmental revenue from external customers	1,182,650	268,971	-	1,451,621
Total capital expenditure	15,156	4,222	-	19,378
Segmental assets	823,204	244,986	(107,814)	960,376

Segmental information for the 52 weeks ended 26 April 2009:

	UK	Non-UK	Eliminations	Total
	£'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. Exceptional items

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	£'000	£'000
Impairment of intangible assets (note 11)	-	14,832
Impairment of freehold property (note 10)	-	15,682
Provision for costs relating to regulatory enquiries	7,800	-
Provision for cost of legal dispute	2,186	-
	<u>9,986</u>	<u>30,514</u>

Provision has been made for legal costs incurred in the period relating to ongoing regulatory enquiries.

4. Operating profit

Operating profit for the period is stated after charging/(crediting):

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	£'000	£'000
Foreign exchange losses/(gains)	39,747	(14,241)
Depreciation of property, plant and equipment		
- owned assets	47,448	45,533
- assets held on finance leases	-	9

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	£'000	£'000
Amortisation of intangible assets	2,897	2,944
Operating lease rentals		
- Land and buildings	95,756	97,954
- Other	730	679

5. Other investment income

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	£'000	£'000
Fair value gain on financial assets (Note 12)	16,858	-
Fair value of additional claim in administration of KSF (Note 12)	6,300	-
Profit on disposal of available-for-sale financial assets (Note 12)	1,355	1,035
	<u>24,513</u>	<u>1,035</u>

6. Finance income

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	£'000	£'000
Bank interest receivable	502	1,161
Other interest receivable	304	-
Expected return on pension plan assets	1,645	2,121
Fair value adjustment to forward foreign exchange contracts ⁽¹⁾	37,699	12,645
	<u>40,150</u>	<u>15,927</u>

⁽¹⁾The fair value adjustment to forward foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts from one period end to the next.

7. Finance costs

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	£'000	£'000
Interest on bank loans and overdrafts	8,056	19,980
Interest on other loans and finance leases	169	1,147
Interest on retirement benefit obligations	2,303	2,506
	<u>10,528</u>	<u>23,633</u>

8. Taxation

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	£'000	£'000
Current tax	26,758	31,280
Adjustment in respect of prior periods	(3,267)	(6,844)
	<u>23,491</u>	<u>24,436</u>
Deferred tax (Note 16)	6,795	1,728
	<u>30,286</u>	<u>26,164</u>
Tax reconciliation		
Profit before taxation	<u>119,502</u>	<u>10,656</u>
Taxation at the standard rate of tax in the UK of 28% (2009: 28%)	33,461	2,983
Tax effects of:		
Expenses not deductible for tax purposes	4,390	8,156
Impact of tax losses and other short-term temporary differences not recognised in deferred tax	651	1,050
Deferred tax recognised in respect of unremitted earnings from an associate	(3,070)	-
Unrelieved foreign tax	183	536
(Profit on)/De-recognition of listed investments	(6,484)	14,884
Other tax adjustments	675	267
Adjustments in respect of prior periods – Current tax	(3,267)	(6,844)
Adjustments in respect of prior periods – Deferred tax	3,747	5,132
	<u>30,286</u>	<u>26,164</u>

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

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of shares, 568,455,000 (2009: 568,452,000), is adjusted to assume conversion of all dilutive potential ordinary shares under the Group's bonus share schemes, being 37,348,000 (2009: Nil), to give the diluted weighted average number of shares of 605,803,000 (2009: 568,452,000).

Basic and diluted earnings per share

	52 weeks ended 25 April 2010	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009	52 weeks ended 26 April 2009
	Basic £'000	Diluted £'000	Basic £'000	Diluted £'000
Profit/(loss) for the period	89,433	89,433	(15,838)	(15,838)
		Number in thousands		Number in thousands
Weighted average number of shares	568,455	605,803	568,452	568,452
		Pence per share	Pence per share	
Earnings per share	<u>15.73</u>	<u>14.76</u>	<u>(2.79)</u>	<u>(2.79)</u>

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 for the period. 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 certain 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)

	52 weeks ended 25 April 2010	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009	52 weeks ended 26 April 2009
	Basic £'000	Diluted £'000	Basic £'000	Diluted £'000
Profit/(loss) for the period	89,433	89,433	(15,838)	(15,838)
Post tax adjustments to profit for the period for the following exceptional items:				
Realised loss/(gain) on forward exchange contracts	28,618	28,618	(9,556)	(9,556)
Fair value adjustment to forward foreign exchange contracts	(27,143)	(27,143)	(8,485)	(8,485)
Other investment income	(24,133)	(24,133)	(1,035)	(1,035)
Provision for costs incurred relating to regulatory enquiries	5,616	5,616	-	-
Excess of fair value of assets acquired over consideration	(2,774)	(2,774)	-	-
Provision for legal disputes	1,574	1,574	-	-
De-recognition 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	(769)	(769)	1,194	1,194
Underlying profit for the period	<u>70,422</u>	<u>70,422</u>	<u>45,070</u>	<u>45,070</u>
			Number in thousands	Number in thousands
Weighted average number of shares	568,455	605,803	568,452	568,452
			Pence per share	Pence per share
Earnings per share	<u>12.39</u>	<u>11.62</u>	<u>7.93</u>	<u>7.93</u>

10. Property, plant and equipment

	Freehold land and buildings	Long leasehold property	Short leasehold property	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					500,7
At 27 April 2008	117,235	10,940	100,970	271,574	19
Exchange differences	157	95	1,803	3,685	5,740
					33,87
Additions	6,675	27	7,687	19,483	2
					(5,23
Eliminated on disposals	(470)	(2)	(2,239)	(2,519)	0)
					535,1
At 26 April 2009	123,597	11,060	108,221	292,223	01
Exchange differences	230	65	24	6,787	7,106
					16,79
Additions	541	203	1,237	14,811	2
					(1,18
Eliminated on disposals	-	-	(583)	(599)	2)
					557,8
At 25 April 2010	<u>124,368</u>	<u>11,328</u>	<u>108,899</u>	<u>313,222</u>	<u>17</u>
Accumulated depreciation and impairment					(177,
At 27 April 2008	(8,014)	(3,641)	(33,617)	(132,655)	927)
					(2,38
Exchange differences	(56)	-	(374)	(1,953)	3)
					(45,5
Charge for the period	(2,994)	(309)	(8,577)	(33,662)	42)
Eliminated on disposals	35	-	2,193	-	2,228
					(15,6
Impairment charge	(15,682)	-	-	-	82)
					(239,
At 26 April 2009	(26,711)	(3,950)	(40,375)	(168,270)	306)
Exchange differences	(40)	14	197	(874)	(703)
					(47,4
Charge for the period	(2,682)	(596)	(11,491)	(32,679)	48)
Eliminated on disposals	-	-	558	-	558
					(286,
At 25 April 2010	<u>(29,433)</u>	<u>(4,532)</u>	<u>(51,111)</u>	<u>(201,823)</u>	<u>899)</u>
Net book amount					270,9
At 25 April 2010	<u>94,935</u>	<u>6,796</u>	<u>57,788</u>	<u>111,399</u>	<u>18</u>
					295,7
At 26 April 2009	<u>96,886</u>	<u>7,110</u>	<u>67,846</u>	<u>123,953</u>	<u>95</u>

Assets held under finance leases have a Net book amount of Nil (2009:Nil)

11. 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
Arising on business combinations	11,908	-	-	11,908
Additions through business combinations	-	-	440	440
Other additions	-	3,404	554	3,958
Disposals	(5,410)	(2,892)	-	(8,302)
Exchange adjustment	17,620	1,024	20,006	38,650
At 26 April 2009	128,217	23,470	87,946	239,633
Arising on business combinations	344	-	-	344
Additions through business combinations	521	-	-	521
Other additions	-	2,586	-	2,586
Disposals	-	(769)	-	(769)
Exchange adjustment	(2,874)	5,353	(7,410)	(4,931)
At 25 April 2010	126,208	30,640	80,536	237,384
	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)
Amortisation Charge	-	(2,944)	-	(2,944)
Impairment Charge	(13,932)	-	(900)	(14,832)
Disposals	5,409	2,697	-	8,106
Exchange adjustment	-	(36)	-	(36)
At 26 April 2009	(9,917)	(5,458)	(2,300)	(17,675)
Amortisation Charge	-	(2,897)	-	(2,897)
Disposals	-	585	-	585
Exchange adjustment	-	(453)	-	(453)
At 25 April 2010	(9,917)	(8,223)	(2,300)	(20,440)
Net book amount				
At 25 April 2010	116,291	22,417	78,236	216,944
At 26 April 2009	118,300	18,012	85,646	221,958

Amortisation is charged to selling, distribution and administrative expenses in the Consolidated Income Statement. In the prior year the impairment charge was recognised in exceptional items in the Consolidated Income Statement.

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

	<u>Goodwill</u>	<u>Brands</u>
	<u>£'000</u>	<u>£'000</u>
Retail	14,330	855
Brands	<u>101,961</u>	<u>77,381</u>
	<u>116,291</u>	<u>78,236</u>

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 (CGU) to which the intangible assets are allocated.

Value in use calculations are based on 5 year management forecasts with a terminal growth rate applied thereafter, representing management's estimate of the long term growth rate of the sector served by the CGU's.

The key assumptions, which are equally applicable to each CGU, in the cash flow projections used to support the carrying amount of goodwill and intangibles with indefinite lives as at 25 April 2010 were as follows:

Retail and Brands

- Annual sales growth for the first five years of between 0% and 7% depending on the constituent elements of the CGU, followed by terminal sales growth of 2-4%.
- Gross margin of between 30% and 47% depending on the constituent elements of the CGU.
- Annual maintenance expenditure of between £Nil and £1.0m per annum depending on the individual entity's circumstances.
- Discount rates are estimated at a risk adjusted pre-tax weighted average cost of capital of between 12.6% and 17.3%.

The key assumptions are based on management's historical experience and future plans for each CGU.

A reasonably possible change in any key assumption would not cause the carrying value of any CGU to exceed its recoverable amount.

The intangible assets that have an indefinite life are brands and trading names and are considered to have an indefinite life on the grounds of the proven longevity of the brands and trading names and the Group's commitment to maintaining those brands.

In 2009 an impairment charge £14,832,000 was recognised, mainly due to an increase in discount rates to reflect specific risk factors and a decrease in forecast sales growth as a result of the tough economic climate. No impairment charge was recognised in 2010.

12. Available-for-sale financial assets

	<u>25 April</u>	<u>26 April</u>
	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>
Available-for-sale financial assets	<u>51,566</u>	<u>5,467</u>

The fair value of the 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 year:

	25 April 2010	26 April 2009
	£'000	£'000
At beginning of period	5,467	65,714
Additions	22,222	4,887
Disposals	(6,685)	(12,772)
Derecognition of investments held with KSF	-	(26,219)
Revaluation through the income statement	16,858	2,443
Revaluation through equity	13,704	(28,586)
At end of period	<u>51,566</u>	<u>5,467</u>

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 were in dispute with the administrators concerning the ownership of the shares they held. In the 2009 financial statements we concluded that we may not directly "control" the shares for accounting purposes and therefore treated them as having been derecognised. This derecognition 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 in the year ended 26 April 2009.

On 21 February 2010 the Company entered into an agreement with the Administrator of KSF to acquire any rights which may be determined that they hold.

On 13 May 2010 the judgement of the court proceedings which commenced on 26 April 2010 was handed down. The court determined that the Group had acquired beneficial interest in 12,153,071 ordinary shares in Blacks Leisure and 5,775,255 in JD Sports on 8 October 2008. This acquisition is reflected in these financial statements. The judgement also resulted in the Group regaining control of the shares.

The administrator of KSF has now appealed the decision. SDI's ownership of the shares is no longer in dispute, but were KSF to be successful in an appeal then SDI would be required to pay an amount of c£14.7m, which is currently held in escrow and included in other debtors. This amount represents the difference in value of the shares between 8 October 2008 and 21 February 2010.

The Group has also submitted a claim to the administrators for the shares that are claimed to be owned by the Group in Amer Sports, Blacks Leisure Group plc and JD Sports plc, but were not in KSF possession. The Group is also claiming for the dividends on these shares and Group funds held by KSF. This amounts to approximately £9.1m in total and the latest information from the administrator suggests a pay out of around 70%. Accordingly, a receivable of £6.3m has been recognised.

13. Inventories

	25 April 2010	26 April 2009
	£'000	£'000
Raw materials	3,773	4,238
Work in progress	1,129	828
Goods for resale	213,901	257,197
	<u>218,803</u>	<u>262,263</u>

14. Share capital

	<u>25 April 2010</u>	<u>26 April 2009</u>
Authorised		
999,500,010 ordinary shares of 10p each	99,950	99,950
499,990 redeemable preference shares of 10p each	50	50
	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
640,502,369 (2009: 640,452,369) ordinary shares of 10p each	<u>64,050</u>	<u>64,045</u>
Share capital		
At 26 April 2009	64,045	64,045
Issue of shares	5	-
At 25 April 2010	<u>64,050</u>	<u>64,045</u>

Contingent share awards

The Bonus Share Scheme

Under the terms of the Bonus Share Scheme, which was approved by the shareholders on 9 September 2009, the Board may make share awards in respect of the ordinary shares in the Company to employees based on a percentage of salary and subject to performance conditions. The extent to which the awards vest is based on the whether the Group meets underlying EBITDA targets for the 2010 and 2011 financial years. Further details are set out in the Remuneration Report on page [].

The first awards of 34,898,000 shares were granted on 14 October 2009 at an average price of 99.50p. These shares will only vest if the performance conditions are met over the next three years.

A share-based payment charge of £9,484,000 was recognised in respect of these share awards for the 52 weeks ended 25 April 2010, based on the directors' best estimate of the number of shares that will vest.

The Performance Share Plan

Under the terms of the Performance Share Plan, which was approved by the shareholders on 11 February 2007, the Board may make share awards in respect of the ordinary shares in the Company to executive directors based on a percentage of salary and subject to performance conditions. The extent to which the awards vest is based on earnings per share growth and total shareholders return over a period of three financial years. Further details are set out in the Remuneration Report on page [].

The first awards of 446,512 shares were granted on 5 April 2007 at an average price of 268.75p.

The second awards of 1,975,308 shares were granted on 16 July 2008 at an average price of 60.75p

The third awards of 2,696,628 shares were granted on 13 August 2009 at an average price of 89.00p

A share-based payment charge of £1,283,000 was recognised in respect of these share awards for the 52 weeks ended 25 April 2010, based on the directors best estimate of the number of shares that will vest.

15. Borrowings

	25 April 2010	26 April 2009
	£'000	£'000
<i>Non-current:</i>		
Bank and other loans	2,789	4,090
Obligations under finance leases	563	623
	<u>3,352</u>	<u>4,713</u>
<i>Current:</i>		
Bank overdrafts	330,385	442,683
Bank and other loans	3,274	16,216
	<u>333,659</u>	<u>458,899</u>
<i>Total borrowings:</i>		
Bank overdrafts	330,385	442,683
Bank and other loans	6,063	20,306
Obligations under finance leases	563	623
	<u>337,011</u>	<u>463,612</u>

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

	25 April 2010	26 April 2009
	£'000	£'000
Borrowings are repayable as follows:		
Within one year	3,274	19,629
Between one and two years	2,976	354
Between two and five years	188	613
After five years	188	333
	<u>6,626</u>	<u>20,929</u>
	<u>6,626</u>	<u>20,929</u>
Borrowings — Sterling	1,890	2,580
Borrowings — Other	4,736	18,349
	<u>6,626</u>	<u>20,929</u>

Loans are all on commercial variable rates of interest ranging between 0.6% and 1.5% over the base rate of the country within which the borrowing entity resides.

On 25 October 2007, Sports Direct International plc and certain subsidiaries (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 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. The Group 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.

On 27 April 2010 the aggregate limit of the working capital facility was reduced to £400 million at the request of the Group.

The Group continues to operate comfortably within its banking facilities and covenants. Our facilities are in place until April 2011 and we will continue discussions with our banks during the 2010-11 financial year.

The Group has a £50m working capital facility with Mike Ashley which can be drawn down on request.

The carrying amounts and fair value of the borrowings are not materially different.

Net debt at 25 April 2010 was £311.9m.

16. Deferred tax asset and liabilities

	Accounts depreciation exceeding tax depreciation	Tax losses recover- able	Pension plan liabilities	Unremitted earnings from an associate	Other temporary differences	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 27 April 2008	(5,646)	1,602	4,209	(3,279)	5,802	2,688
Credited/(Charged) to the income statement	1,364	(127)	108	-	(3,073)	(1,728)
Credited to the statement of comprehensive income	-	-	-	-	(6,849)	(6,849)
Foreign exchange adjustments	-	-	-	-	(5,731)	(5,731)
Acquisitions	-	-	-	-	(6,402)	(6,402)
At 26 April 2009	(4,282)	1,475	4,317	(3,279)	(16,253)	(18,022)
(Charged)/credited to the income statement	(1,922)	-	(1,016)	3,279	(7,136)	(6,795)
(Charged)/credited to the statement of comprehensive income	-	-	2,226	-	(3,064)	(838)
Foreign exchange adjustments	-	-	-	-	(190)	(190)
At 25 April 2010	(6,204)	1,475	5,527	-	(26,643)	(25,845)

	25 April 2010	26 April 2009
	£'000	£'000
Deferred tax assets	10,101	15,468
Deferred tax liabilities	(35,946)	(33,490)
Net deferred tax balance	(25,845)	(18,022)

Deferred tax assets are recognised for tax losses recoverable and pension plan liabilities to the extent that realisation of the related tax benefit is probable on the basis of the Group's current expectations of future taxable profits.

17. Provisions

	<u>Dilapidations</u>	<u>Onerous contracts</u>	<u>Total</u>
	£'000	£'000	£'000
At 26 April 2009	21,867	14,552	36,419
Amounts provided	2,726	11,559	14,285
Amounts utilised	-	(5,106)	(5,106)
At 25 April 2010	<u>24,593</u>	<u>21,005</u>	<u>45,598</u>

The dilapidations provision is the best estimate of the present value of expenditure expected to be incurred by the Group in order to restore its leasehold premises to the condition required under the lease agreements at the end of the lease discounted at 7% per annum. The provision is expected to be utilised over the period to the end of each specific lease.

The provision in respect of onerous lease contracts represents the net cost of fulfilling the Group's obligations over the terms of these contracts discounted at 7% per annum. The provision is expected to be utilised over the period to the end of each specific lease. A number of leases previously assigned to third party tenants have reverted to the Group this year as the tough economic conditions have led to those third party tenants being unable to meet their commitments.

The unwinding of the discount on provision passes through the income statement.

18. Financial instruments 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 Group does not hold or issue derivative financial instruments for trading purposes, however if derivatives do not qualify for hedge accounting they are accounted for as such 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:

	<u>25 April 2010</u>	<u>26 April 2009</u>
	£'000	£'000
Fair value of derivative financial instruments – assets/(liabilities)	<u>13,648</u>	<u>(34,993)</u>

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

	<u>25 April 2010</u>	<u>26 April 2009</u>
	£'000	£'000
US dollar purchases	210,000	350,000
Contracted rates	1.53-1.68	1.46-1.88
US dollar sales	(50,000)	(250,000)
Contracted rates	1.54	1.92-1.94
Euro sales	(36,319)	(202,179)
Contracted rates	1.09-1.14	1.08-1.40
Euro purchases	-	223,662

	25 April 2010	26 April 2009
	£'000	£'000
Contracted rates	-	1.12-1.12

At 25 April 2010 £210m of forward US dollar purchase contracts qualified for hedge accounting and the gain on fair valuation of these contracts of £10,942,000 has therefore been taken straight to equity through the statement of comprehensive income.

Forward foreign currency purchase and sale contracts generally have a maturity at inception of approximately 12 months. At 25 April 2010 no purchase contracts and no sale contracts had a maturity at inception of greater than 12 months (2009: £Nil million of purchase contracts).

19. Cash inflow from operating activities

	52 weeks ended 25 April 2010	52 weeks ended 26 April 2009
	£'000	£'000
Profit before taxation	119,502	10,656
Net finance costs	(29,622)	7,706
De-recognition of available-for-sale financial assets	-	53,156
Other investment income	(24,513)	(1,035)
Dividend income from investments	(140)	(172)
Share of profit of associated undertakings and joint ventures	(7,200)	(2,482)
Operating profit	58,027	67,829
Depreciation	47,448	45,542
Amortisation charge	2,897	2,944
Impairment charge	-	30,514
Loss on disposal of intangibles	184	195
Loss on disposal of subsidiary undertakings	-	1
Defined benefit pension plan current service cost	670	395
Defined benefit pension plan employer contributions	(1,216)	(1,225)
Share based payments	10,767	-
Operating cash inflow before changes in working capital	118,777	146,195
Increase in receivables	(2,222)	(9,788)
Decrease/(increase) in inventories	43,460	(43,500)
Increase in payables	39,461	24,563
Cash inflow from operating activities	199,476	117,470