

10<sup>th</sup> July 2008

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

**Preliminary Results**

Sports Direct International plc, the UK’s leading sports retailer, announces its preliminary results for the 52 week period ended 27 April 2008.

**Group Highlights**

- Group revenue down 6.5% to £1.26bn
- Underlying EBITDA down 29.9% to £150m <sup>(1)</sup> <sup>(4)</sup>
- Underlying profit before tax down 51.1% to £85m <sup>(1)</sup> <sup>(2)</sup>
- Underlying earnings per share down 47.4% to 8.57p <sup>(1)</sup> <sup>(2)</sup>
- Reported profit before tax up 96.5% to £119m <sup>(3)</sup>
- Group margin down 70 basis points to 43.6%
  - Retail division margin flat despite difficult trading conditions; UK Retail margin increased to 45.7%
  - Brand division margin down
- Continued implementation of flexible business model
  - Ongoing enhancement of store portfolio with net 42 UK core stores added during the year
  - Strategic acquisitions of Everlast and Field & Trek
  - Middle East licensing agreement signed and progressing well, stores opened in South Africa and Dubai
  - Strategic alliance in China formed with ITAT, providing entry into an exciting growth market and products in over 100 stores
- Recommended final dividend of 2.44p per share; total dividend for the year of 4.5p per share

*(1) Underlying EBITDA, underlying profit before taxation and underlying EPS excluding realised foreign exchange in selling and administration costs, exceptional costs and the profit on sale of investments.*

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

*(3) Reported profit before tax includes profit on sale of strategic investments, and exceptional costs.*

*(4) 2007 preliminary results reported underlying EBITDA as £190.6m as the realised exchange loss of £23.5m was not excluded. Subsequently, the definition of underlying EBITDA was changed and will remain as defined in note (1) above going forward.*

Dave Forsey, Chief Executive said:

“The trading environment in Sports Direct’s first year as a listed company has been the hardest we have faced in our history, inevitably impacting our results. This is, of course, disappointing, however despite these challenges we delivered slightly ahead of our recent expectations, remaining very profitable and cash generative.

“We remain focused on overcoming the current challenges while continuing to grow our business. We made strong progress on this during the year driving our international interests through the acquisition of Everlast and agreements with Retail Corp and ITAT.

“Currently we are targeting 2009 Group underlying EBITDA to be at a similar level to the period just reported.”

**For further information call:**

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## **Chairman's Statement**

The Group has not been alone in operating in an increasingly challenging UK retail environment during the past year. The Group has been impacted by 2007 being the wettest summer weather since records began. In addition, the failure of the home nations' to qualify for Euro 2008 and the difficult comparatives with the strong sales generated from the 2006 FIFA World Cup in the previous financial year, together with an increasingly difficult consumer environment, have contributed towards making this the most difficult trading period in our history.

The Board took steps to mitigate the impact of these factors and believes it has made considerable progress during the year through the flexibility of the business model. This includes the acquisition of Everlast, which has provided a significant platform for growth for the Group's business in the US, a strategic alliance in China, which is an exciting opportunity to develop the Group's presence in that market, and the continued development of our fully integrated group headquarters at Shirebrook. We have also strengthened our relationships with our partner branded goods suppliers considerably and believe we have a unique UK and international retail offering, which combined with our brand power and relationships with our suppliers, will assist us to achieve the international growth we are aiming for.

## **Board Changes**

The Group announced the following Board changes during the year. I was appointed acting non-executive Chairman of the Board on 31 May 2007 on the departure of David Richardson. On 25 October 2007, Malcolm Dalglish and Dave Singleton were appointed as independent non-executive directors. Malcolm has significant retail real estate experience and Dave brings valuable experience of international sports brand operations. On that date Chris Bulmer stepped down from her role as independent non-executive director.

We are continuing to seek opportunities to strengthen the Board with non-executive appointments.

## **Dividend**

The Board recommends a final dividend for the year ended 27 April 2008 of 2.44 pence per share to shareholders on the register on 3 October 2008 to be paid on 31 October 2008. The interim dividend was 2.06 pence per share making a total dividend in respect of the year of 4.5 pence per share.

**Simon Bentley**  
**Acting non-executive Chairman**  
**10 July 2008**

## Chief Executive's Review

### Overview of Financial Performance

In the 52 weeks ended 27 April 2008, Group revenue was down 6.5% at £1.26bn compared with revenues of £1.35bn for the 52 weeks ended 29 April 2007 (2007). The driver of this decline was the fall in UK Retail revenues, down 10.5% to £957.7m (2007: £1.07bn).

The Group strengthened revenues in other core business segments. International retail was up 20.8% to £77.3m (2007: £64.0m); on a currency neutral basis this increase was circa 15%. Brands wholesale revenues were up 11.0% to £171.5m (2007: £154.5m) and licensing revenues were up 21.3% to £21.1m (2007: £17.4m), both largely due to Everlast.

Group gross margin for the Group fell by 70 basis points from 44.3% to 43.6%. The Retail business maintained the same margin as last year at 44.3%. UK Retail margin grew to 45.7%, despite the challenging trading environment in the UK. However, we were unable to increase the Group margin as had been originally anticipated at the start of the year.

While revenue was higher, gross margin in the Brands division fell from 44.2% to 40.2% as a result of discounting prices in order to maintain sales volumes when demand decreased in the second half.

Foreign exchange has had the reverse impact on these financial statements as in the previous year. Administration costs include a realised exchange profit of £3.5m compared to a loss of £23.5m in the preceding year. The realised exchange profit includes £15m from the increased value of the euro on the strategic investments sold in the year. The revaluation required under IFRS is included in finance costs and this unrealised loss amounted to £5.2m as opposed to £31.7m in 2007. These amounts are excluded from the definition of underlying profit used in the business and as reported here.

Underlying EBITDA for the year fell 29.9% to £150.2m (2007: £214.1m) last year. Underlying profit before tax fell 51.1% from £174.5m to £85.4m.

There is a very significant difference between underlying and the higher reported profits. Underlying profits exclude exceptional items (such as IPO costs), realised exchange profit/loss and IFRS revaluation of foreign currency contracts which reduced the 2007 profits by £5.2m, £23.5m and £31.7m respectively. No exceptional items have been incurred in 2008. Reported profit before tax includes investment income of £41.4m, which is the realised profit made by the Group through the disposal of strategic investments. The interest cost of holding the investments sold amounted to £6.1m.

Capital expenditure amounted to £131.8m (2007: £61.6m). This included acquisitions of retail property, plant and equipment, including £91.0m (2007: £50m) on new and refurbished stores, and £31.9m (2007: Nil) on a freehold office in London. This office is largely let to third parties. The remaining balance covered further spend at Shirebrook, and IT hardware in our Brands division. In addition the share buy back programme absorbed £201.5m of cash.

Within the period, the Company renewed its banking facilities until 2011. We continue to operate comfortably within our bank covenants.

Net debt in the period increased to £465.2m (2007: £38.1m). Including marketable securities, the net debt at 27 April 2008 was £399.5m.

## Review by Business Segment

	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007	Change
	(£'m)	(£'m)	%
<b>Retail</b>			
Revenue:			
UK retail	957.7	1,069.7	
UK wholesale and other	31.9	41.5	
International retail	77.3	64.0	
Total retail revenue	1,066.9	1,175.2	(9.2)
Cost of sales	(594.7)	(654.9)	
Gross margin	472.2	520.3	
Gross margin percentage	44.3%	44.3%	
<b>Brands</b>			
Revenue:			
Wholesale	171.5	154.5	
Licensing	21.1	17.4	
Total brands revenue	192.6	171.9	+12.0
Cost of sales	(115.1)	(96.0)	
Gross margin	77.5	75.9	
Gross margin percentage	40.2%	44.2%	

### **Business Review**

Despite an unprecedented trading environment for the Group and UK sports retail sector, we continued to strengthen our core business and implement our strategy during the year to ensure the Group is well positioned for long-term growth and to achieve its objective of becoming the most profitable sports retailer in the world. During the year we either strengthened our positions in or entered exciting markets including the US, Middle East and China through the acquisition of Everlast, the agreement with Retail Corp and the strategic alliance with ITAT. We also continued to roll out stores, strengthen our relationships with third party suppliers and develop our retail store concept.

### **Retail division**

Total Retail revenue was down 9.2% to £1,066.9m (2007: £1,175.2m). UK Retail revenue, the main contributor to this, was impacted by the factors mentioned previously.

Due to the poor summer trading conditions, we took measures to carefully manage our stock levels, resulting in some mark downs on summer 2007 ranges. As expected, in the second half UK Retail margin grew, but at a slower rate than expected and, as a result, over the year we strengthened our UK Retail gross margin to 45.7% from 44.0%.

During the period we have continued to refine and invest in the development of our store format. Our major third party brand suppliers support our view of ranging our products by category, and we will continue to adapt the layout of our stores to this style across the portfolio, as seen in our Liverpool One store, recently opened in May 2008.

International retail revenue for the 52 weeks was up 20.8% to £77.3m (2007: £64.0m). We opened 10 new stores across Europe in the period, in line with our plans for developing our international store portfolio, and trading has been satisfactory.

On 12 July 2007, we acquired a 60% strategic stake in Field & Trek for £5.1m, with the remaining 40% acquired on 1 April 2008. The acquisition is in line with the Group's plans to enter the UK outdoor leisure market. During the period we also acquired the remaining 20% of Sport 2000 Slovenia, the number two Slovenian sports retailer, for approximately €1m and will continue to develop its network of 14 stores.

On 18 December 2007 we sold Original Shoe Company Limited (OSC), the branded clothing and footwear retailer, to JJB Sports plc for £5m in cash. As a strategic investment, it no longer fulfilled a purpose for the Group and we believed it to be non-core to our store and product offering portfolio.

In February 2008, we signed an agreement with ITAT, the largest network of multi branded apparel retail stores in China. It operates over 700 stores in 275 cities across the country. A bespoke product range for the China market has been designed and manufactured and the first ranges are now on sale in over 100 ITAT stores. We retail in a dedicated area of the larger ITAT stores which we have designed and fitted out. The merchandising of product is all to our requirements. ITAT employees sell the product and we receive a percentage of the retail price. It is too early to assess the success of the product in store but we are pleased with the rollout and we remain excited about the possibilities of this market. At the time of announcement, we said there would be minimal earnings impact in the first full year of operation and this remains the case. The business with ITAT which is transacted, controlled and maintained by the UK Retail team will be included within the Retail division UK wholesale and other segment.

## **Store portfolio**

As of 27 April 2008, we operated 375 stores in the UK (excluding Northern Ireland), a total of circa 3.3m sq ft (2007: circa 3m sq ft). Through the Group's 42.5% shareholding in the Heatons chain, it has products in 6 stores in Northern Ireland and 15 stores in the Republic of Ireland.

We opened a net 42 new core stores in the year, with 50 new Sports Direct stores opened in the UK, including 8 relocations. All new stores are operating under the Sportsdirect.com fascia. We closed 32 stores (excluding the 8 relocations) which were typically smaller non-core stores.

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

Internationally, we operated, as at 27 April 2008, 39 stores in Belgium, 14 in Slovenia, 4 in Holland and 1 in Luxembourg. Since the period end, we have opened 2 stores in Cyprus. 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 12.0% to £192.6m (2007: £171.9m) mainly due to the acquisition of Everlast. Within this, wholesale revenue was up 11.0% to £171.5m (2007: £154.5m). Revenue from licensing was up 21.3% to £21.1m (2007: £17.4m).

Gross margin decreased from 44.2% to 40.2% for a number of reasons but primarily as a result of discounting prices in order to maintain sales volumes when demand decreased in the second half. This weakness was particularly felt in the North American market during the second half.

We have a strategic relationship with Retail Corp, a division of Dubai World, which is operating retail stores in the Middle East and South Africa. Retail Corp has a licence to manufacture and sell certain of our Group branded products. It also has the right in certain territories to open stores under the Sports Direct or Lillywhites fascias. These agreements entitle us to a royalty which is included on the segmental analysis as Brands division licensing revenue. Although it is early on in the joint venture, we are excited by the prospects for future growth.

The most significant acquisition in the year for the development of the Group was the acquisition of the Everlast boxing brand for £80.9m. Everlast is a leading US boxing and apparel brand which fits strategically with Sports Direct's existing brand portfolio. This acquisition provides a significant platform in the US market. From the date of acquisition to the period end, Everlast contributed £19.8m to Brand revenue and £3.2m to profit after tax. We also acquired the remaining minority interest in Smith and Brooks for £3.0m during the year. Smith and Brooks is a specialist childrenswear wholesaler.

Operating costs have increased in the division due to the inclusion of Everlast from its acquisition in September, along with the one-off cost related to the closure of the Dunlop Slazenger offices in Wakefield, and their subsequent integration into the Shirebrook operation. However, over the long-term we believe that we will extract further costs through rationalisation.

### **Net Debt**

Whilst net debt has increased from £38.1m to £465m, the business has marketable securities with a value at 27 April 2008 of £65.7m and freehold property which was acquired during the year in excess of £80m. Furthermore, the Company has spent over £200m on a share buyback programme, and invested over £100m on the acquisition of subsidiary companies and further sums in plant, fixtures and technology.

Net debt at the half year amounted to £795.9m and marketable securities held amounted to £364.5m.

### **Strategic Investments**

During the year, we reduced our strategic investments in other related businesses. This was through a combination of the Board's ongoing review of the benefits of each stake to the Group, and the takeover of Umbro by Nike. We still believe that taking strategic investments is beneficial for the Group and the Board will continue to evaluate opportunities.

### **Shirebrook Campus**

The Group continues to make significant investment in infrastructure. During the year more functions of our Brands businesses transferred to the head office and distribution facility at Shirebrook, Derbyshire.

All UK Retail functions operate out of Shirebrook, including Field & Trek which had its support functions moved following that acquisition. Going forward Shirebrook will continue to enhance our operational efficiency through operations for rationalisations within existing businesses.

### **Our strategy for growth**

We manage our business with the objective of increasing long-term shareholder value. We are focused on strengthening the Group's financial performance and profitability, building relationships with our

partners and suppliers, and by 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 with our ITAT relationship 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, to achieve its long-term objective of becoming the world's most profitable sports retailer.

### **Measuring our growth**

Going forward, the Group will provide UK like-for-like data which is relevant to the business and that is consistent with our long-term objective.

We propose to report the percentage change for our like-for-like store contribution for UK Retail for each 12 month period from the end of this financial year where:

- a) a like-for-like store is one which has not been affected by a significant change such as a refit; and
- b) store contribution is the excess of sales revenue (net of VAT) over the cost of goods sold. The contribution would only be adjusted if a significant promotion affected the comparison, for example a football club shop launching a new shirt under a special deal.

We propose to report annually following our current year end. Using the year ended April 2008 as our base, the first like-for-like percentage information will be for the year ended April 2009, and we expect that the measure will cover the majority of the UK Retail store portfolio.

### **Outlook for the current year**

Trading conditions remain challenging across the sporting goods sector with economic data pointing to a severe slowdown across the economy with retail in particular expected to get worse in the short term.

We continue to concentrate our efforts on getting "back to basics" and, in spite of the difficult consumer environment, we believe we are seeing the benefit of this in our UK Retail division, where our performance in the first two months since the period end has seen underlying EBITDA marginally ahead of the same period last year.

As a result, currently we are targeting 2009 Group underlying EBITDA to be at a similar level to the period just reported.

**Dave Forsey**  
**Chief Executive**  
**10 July 2008**

## Financial Review

### Basis of reporting

The financial statements for the Group for the 52 weeks ended 27 April 2008 are presented in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

### Summary of results

	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007	Change
	(£'m)	(£'m)	%
Revenue	1,259.5	1,347.1	-6.5
Underlying EBITDA	150.2	214.1	-29.9
Underlying profit before tax	85.4	174.5	-51.1
Reported profit before taxation	118.9	60.5	+96.5
	Pence per Share	Pence per Share	
Basic EPS	12.23	8.18	+49.5
Underlying EPS	8.57	16.30	-47.4

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 share of profit of associated undertakings and joint ventures. Underlying EBITDA is calculated as EBITDA before exceptional items, and non trading items.

## Revenue and margin

Revenue	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007	Change
	(£'m)	(£'m)	%
<b>Retail</b>			
UK retail	957.7	1,069.7	-10.5
UK wholesale and other	31.9	41.5	-23.4
International retail	77.3	64.0	+20.8
Total retail	1,066.9	1,175.2	-9.2
<b>Brands</b>			
Wholesale	171.5	154.5	+11.0
Licensing	21.1	17.4	+21.3
Total brands	192.6	171.9	+12.0
Total	1,259.5	1,347.1	-6.5

Total Group revenue fell by 6.5%.

Retail revenue fell by 9.2%. The UK accounted for 92.8% of total retail revenues with the balance in Continental European stores.

UK wholesale and other includes income on property transactions which is not regarded as being exceptional or non-recurring totalling £10.5m at no margin, (2007: £14.7m, with a margin of £10.0m).

Retail gross margin in the UK increased from 44.0% to 45.7%.

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 12.0%, including the acquisition of Everlast. Licensing income increased by 21.3%, with an increase in wholesale revenue of 11.0%. The contribution made by Everlast in the 8 months of ownership for revenue and profit amounted to £19.8m and £2.0m respectively.

Brands gross margin decreased from 44.2% to 40.2%.

### Selling, distribution and administration costs

Selling, distribution and administration costs for the Group increased as a percentage of revenue. This was as a result of increased property costs from the continued store roll out programme across the UK and Europe, and costs in the acquired companies of Everlast and Field & Trek.

### 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, consistently applied, is to hold or hedge up to four years (with a minimum of one year) on anticipated purchases in foreign currency.

The exchange gain of £3.5m (2007: £23.5m loss) included in administration costs has arisen from:

- a) accepting dollars and euros at the contracted rate
- b) the translation of dollars, dollar denominated and euro assets at the period end rate or date of realisation; and
- c) realisation of euro assets includes a gain of £15m on the sale of strategic investments.

The exchange loss of £5.2m (2007: £31.7m) included in finance costs substantially represents the required increase in the provision made (under IFRS) for the forward contracts at 27 April 2008 in anticipation of the loss which may be realised in the accounts to 26 April 2009.

The sterling exchange rate with the US dollar at 29 April 2007 was \$1.998 and at 27 April 2008 it was \$1.986.

### Exceptional operating costs and revenues

	52 weeks ended 27 April 2008 (£'m)	52 weeks ended 29 April 2007 (£'m)
Costs relating to Admission	-	0.6
Past performance bonuses including National Insurance	-	56.4
Legal claims	-	6.0
(Loss) on disposal of certain retail concessions	-	(4.2)
	-	58.8

### Finance income

	52 weeks ended 27 April 2008 (£'m)	52 weeks ended 29 April 2007 (£'m)
Bank interest receivable	3.1	0.7
Other interest receivable	-	0.6
Expected return on pension plan assets	2.3	2.1
	5.4	3.4

### Finance costs

	52 weeks ended 27 April 2008 (£'m)	52 weeks ended 29 April 2007 (£'m)
Interest on bank loans and overdrafts	(33.0)	(7.0)
Interest on other loans	(4.5)	(0.9)
Interest on retirement benefit obligations	(2.3)	(2.5)
Fair value adjustment to forward foreign exchange contracts	(5.2)	(31.7)
	(45.0)	(42.1)

The loss 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.

### Taxation

The effective tax rate on profit before tax for 2008 was 34.6% (2007: 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

	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007	% Change
	p per share	p per share	
Basic EPS	12.23	8.18	+49.5
Underlying EPS	8.57	16.30	-47.4
Weighted average number of shares (actual)	639,010,000	460,582,000	
Weighted average number of shares (post IPO)	639,010,000	720,000,000	
Shares in issue at the period end	568,452,369	720,000,000	

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 (post IPO for 2007). It is not a recognised profit measure under IFRS and may not be directly comparable with “adjusted” profit measures used by other companies. The post IPO weighted average number of shares in issue in 2007 reflects the period Group was a listed PLC (from 28 February 2007 to 29 April 2007).

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

	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007
	(£'m)	(£'m)
Profit after tax:	78.2	37.7
Post tax effect of Exceptional items:		
Costs relating to Admission	-	0.4
Past performance bonuses including National Insurance	-	39.5
Legal claim	-	4.2
Profit on disposal of certain retail concessions	-	(2.9)
Profit on disposal of listed investments net of interest	(24.7)	-
Fair value adjustment to forward foreign exchange contracts	3.6	22.1
Realised (profit)/loss on forward exchange contracts	(2.4)	16.5
<b>Underlying profit after tax</b>	<b>54.7</b>	<b>117.5</b>

If the share buyback had not taken place the underlying EPS would be 8.39p instead of 8.57p.

## Dividends

An interim dividend for the year ended 27 April 2008 of £11.71m was paid to shareholders on the register at 28 March 2008.

### Capital expenditure

Capital expenditure amounted to £131.8m (2007: £61.6m). This included acquisitions of retail property, plant and equipment, including £91.0m (2007: £50m) on new and refurbished stores, and £31.9m (2007: Nil) on a freehold office in London. The remaining balance covered further spend at Shirebrook including IT hardware.

### Acquisitions

The Group spent £104.6m on acquisitions during the year. The principal acquisitions related to Everlast and Field & Trek. The net assets acquired have been analysed and separate intangible assets and the residual goodwill recognised as appropriate in accordance with IFRS3: Business Combinations.

### Strategic investments

At 27 April 2008, the Group held investments in adidas, Amer Sports, Blacks Leisure and JD Sports. Changes in the value of these investments are recognised directly in equity in accordance with IFRS.

**27 April 2008**

	(£'m)
Total available-for-sale investments at 29 April 2007	75.4
Additions in the period	565.4
Disposal proceeds in the period	(595.9)
Profit on disposals in the period	41.4
Fair value adjustment in respect of available-for-sale financial assets	(20.6)
Total available-for-sale investments at 27 April 2008	65.7

The respective shareholdings at 27 April 2008 and 29 April 2007 were as follows:

	At 27 April 2008			At 29 April 2007	
	Value £'m	Shares 'm	Holding	Shares 'm	Holding
Blacks Leisure Group	21.0	12.728	29.85%	12.503	29.36%
Umbro	-	-	-	-	-
Amer Sports Corporation	9.7	1.066	1.48%	1.544	2.14%
John David Group	21.1	5.955	12.34%	4.881	10.16%
adidas AG	13.2	0.398	0.20%	-	-
Other	0.7				
Total	65.7				

### Share buyback

The Group spent £201.5m on share purchases during the year: 72m shares are now held in treasury while 79,547,631 were cancelled. The weighted average number of shares for the period was

639,010,000 and the number of shares in issue at the end of the period, excluding treasury shares, was 568,452,369.

### Cash flow and net debt

In addition to the share buyback and the amounts invested in capital expenditure (including freehold property) and acquisitions, the Group received a net £30.5m cash inflow from the disposal of strategic investments. Net debt increased from £38.1m at 29 April 2007 to £465.2m at 27 April 2008. Taking into account the inclusion of marketable securities (available for sale financial assets) the net debt at 27 April 2008 was £399.5m.

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

	<b>At 27 April 2008</b>	<b>At 29 April 2007</b>
	<b>(£'m)</b>	<b>(£'m)</b>
Cash and cash equivalents	25.4	181.8
Borrowings	(490.6)	(219.9)
Net debt	(465.2)	(38.1)
Market value of marketable securities	65.7	75.4
<b>Net (indebtedness)/liquidity</b>	<b>(399.5)</b>	<b>37.3</b>

As we announced at the interim results and at this time last year, creditor balances were obviously high at April 2007 due to the accrual of fees and bonuses in connection with the IPO amounting to almost £100m, the majority of which were paid in the first half of the year,

Trade creditors have been reduced both in UK Retail and the Brands division overseas.

## Cash Flow

	At 27 April 2008	At 29 April 2007
	(£'m)	(£'m)
Reported operating profit	109.6	93.9
Depreciation and Amortisation	37.6	34.5
Other non-cash charges	2.4	(2.0)
Taxes paid	(37.6)	(23.9)
Free cash flow	112.0	102.5
Invested In:-		
(Increase)/Decrease in working capital	(90.0)	72.9
Acquisitions	(104.6)	(22.8)
Net proceeds/(investment) from investments	30.5	(67.2)
Cash inflow from other investing activities	17.8	8.7
Capital expenditure	(131.8)	(54.8)
Share buy-back programme	(201.5)	-
Equity dividend paid	(7.4)	-
Finance costs and other financing activities	(46.1)	(23.3)
Net (decrease) / increase in cash and cash equivalents	(421.1)	16.0

## Reconciliation of movement in equity

Total equity movement is as follows:

**At 27 April 2008**

	(£'m)
Total equity at 29 April 2007	280.8
Profit after tax for the 52 weeks ended 27 April 2008	78.2
Items taken directly to equity:	
Exchange differences on translation of foreign operations	4.8
Actuarial gain on pension	1.7
Fair value adjustment in respect of available-for-sale financial assets	(20.6)
Tax on items taken directly to equity	5.7
Movement in equity issues:	
Share buyback	(201.5)
Movement in minority interests	(1.6)
Dividends paid/declared	(19.1)
Total equity at 27 April 2008	128.4

## Pensions

The Group operates a number of closed defined benefit schemes in the Dunlop Slazenger companies. The net deficit in these schemes decreased from £14.0m at 29 April 2007 to £11.7m at 27 April 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 the risk of such movements by using forward purchases of foreign currency. Certain of the Group's assets are held overseas in local currency and are revalued in accordance with currency movements. This currency risk is not hedged.

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

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

**Bob Mellors**  
**Finance Director**  
**10 July 2008**

*Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences and prospects are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect Sports Direct International's current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any such forward-looking statements are subject to various risks and uncertainties, including failure by Sports Direct International to predict accurately customer preferences; decline in the demand for products offered by Sports Direct International; competitive influences; changes in levels of store traffic or consumer spending habits; effectiveness of Sports Direct International's brand awareness and marketing programmes; general economic conditions or a downturn in the retail or financial services industries; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity markets.*

**CONSOLIDATED INCOME STATEMENT FOR THE 52 WEEKS ENDED 27 APRIL 2008**

		<b>52 weeks ended 27 April 2008</b>	<b>52 weeks ended 29 April 2007</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Continuing operations:</b>			
<b>Revenue</b>	2	1,259,510	1,347,144
Cost of sales		(709,809)	
			(751,003)
<b>Gross profit</b>		549,701	596,141
Selling, distribution and administrative expenses		(444,109)	(445,198)
Other operating income		4,023	1,783
Exceptional items	3	-	(58,826)
<b>Operating profit</b>	2,4	109,615	93,900
Profit on disposal of available-for-sale financial assets	5	41,367	-
Dividend income from investments	5	2,507	1,790
Finance income	6	5,370	3,449
Finance costs	7	(45,006)	(42,081)
Share of profit/(loss) of associated undertakings and joint ventures		5,020	3,422
<b>Profit before taxation</b>		118,873	60,480
Taxation		(41,126)	(23,360)
<b>Profit for the period</b>	2	<u>77,747</u>	<u>37,120</u>
Equity holders of the Group	19	78,182	37,671
Minority interests	20	(435)	(551)
<b>Profit for the period</b>	2	<u>77,747</u>	<u>37,120</u>
<b>Earnings per share from total and continuing operations attributable to the equity shareholders</b>			
		<b>Pence per share</b>	<b>Pence per share</b>
<b>Basic earnings per share</b>	8	12.23	8.18
<b>Diluted earnings per share</b>	8	<u>12.23</u>	<u>8.18</u>

**CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE 52 WEEKS ENDED 27 APRIL 2008**

		<b>52 weeks ended 27 April 2008</b>	<b>52 weeks ended 29 April 2007</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Exchange differences on translation of foreign operations	17	4,763	110
Actuarial gains/(losses) on defined benefit pension schemes		1,683	(456)
Fair value adjustment in respect of available-for-sale financial assets	11	(20,571)	(7,106)
Taxation on items taken directly to equity		5,760	2,268
<b>Income and expense recognised directly in equity</b>		<b>(8,365)</b>	<b>(5,184)</b>
<b>Profit for the period</b>	<b>2</b>	<b>77,747</b>	<b>37,120</b>
<b>Total income and expense recognised in the period</b>		<b>69,382</b>	<b>31,936</b>
Equity holders of the Group		69,817	32,487
Minority interests		(435)	(551)
		<b>69,382</b>	<b>31,936</b>

**CONSOLIDATED BALANCE SHEET AS AT 27 APRIL 2008**

		<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	322,792	224,463
Intangible assets	10	185,010	87,981
Investments in associated undertakings and joint ventures		28,452	21,988
Available-for-sale financial assets	11	65,714	75,447
Deferred tax assets		29,110	31,925
		<u>631,078</u>	<u>441,804</u>
<b>Current assets</b>			
Inventories		218,763	231,383
Trade and other receivables		94,481	88,615
Cash and cash equivalents		25,418	181,808
		<u>338,662</u>	<u>501,806</u>
<b>TOTAL ASSETS</b>		<u><u>969,740</u></u>	<u><u>943,610</u></u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	12	64,045	72,000
Share premium	13	874,300	874,300
Treasury shares reserve	14	(201,483)	-
Permanent contribution to capital	15	50	50
Capital redemption reserve	16	8,005	50
Foreign currency translation reserve	17	3,926	(837)
Reverse combination reserve	18	(987,312)	(987,312)
Retained earnings	19	363,636	317,708
		<u>125,167</u>	<u>275,959</u>
Minority interests	20	3,242	4,845
<b>Total equity</b>		<u>128,409</u>	<u>280,804</u>
<b>Non-current liabilities</b>			
Other payables		2,829	2,408
Borrowings	21	14,255	1,935
Derivative financial liabilities		14,744	9,081
Retirement benefit obligations		11,705	14,032
Deferred tax liabilities		26,422	18,586
Provisions		22,910	23,821
		<u>92,865</u>	<u>69,863</u>
<b>Current liabilities</b>			
Derivative financial liabilities		32,894	33,382
Trade and other payables		207,598	309,944
Borrowings	21	476,400	217,996
Current tax liabilities		31,574	31,621
		<u>748,466</u>	<u>592,943</u>
<b>Total liabilities</b>		<u>841,331</u>	<u>662,806</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>969,740</u></u>	<u><u>943,610</u></u>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE 52 WEEKS ENDED 27 APRIL 2008**

		<b>52 weeks ended 27 April 2008</b>	<b>52 weeks ended 29 April 2007</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash inflow from operating activities</b>	23	59,519	199,261
Income taxes paid		(37,638)	(23,886)
<b>Net cash inflow from operating activities</b>		<u>21,881</u>	<u>175,375</u>
<b>Cash flow from investing activities</b>			
Proceeds on disposal of property, plant and equipment		9,924	10,120
Proceeds on disposal of listed investments		595,921	-
Proceeds on disposal of subsidiary	22	5,000	-
Purchase of joint venture, net of cash acquired		-	(238)
Purchase of subsidiaries, net of cash acquired	22	(104,592)	(22,747)
Purchase of intangible assets		(657)	(2,978)
Purchase of property, plant and equipment		(131,776)	(54,797)
Purchase of listed investments		(565,392)	(67,215)
Investment income received		3,696	1,790
<b>Net cash outflow from investing activities</b>		<u>(187,876)</u>	<u>(136,065)</u>
<b>Cash flow from financing activities</b>			
Finance income received		3,104	1,339
Finance costs paid		(39,831)	(7,948)
Net repayments of borrowings		(9,403)	(6,583)
Proceeds from share issues		-	928,850
Purchase of a certain percentage of previous owner's equity investment		-	(928,800)
Share issue costs		-	(9,762)
Equity dividend paid		(7,416)	(380)
Purchase of treasury shares		(201,483)	-
<b>Net cash outflow from financing activities</b>		<u>(255,029)</u>	<u>(23,284)</u>
<b>Net (decrease)/increase/ in cash and cash equivalents including overdrafts</b>		(421,024)	16,026
<b>Cash and cash equivalents including overdrafts at beginning of period</b>		<u>(25,029)</u>	<u>(41,055)</u>
<b>Cash and cash equivalents including overdrafts at the period end</b>		<u>(446,053)</u>	<u>(25,029)</u>

## **NOTES TO THE PRELIMINARY ANNOUNCEMENT FOR THE 52 WEEKS ENDED 27 APRIL 2008**

### **1 Basis of preparation**

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 s240 of the Companies Act 1985. The auditors have reported on the Group's statutory accounts for each of the 52 week periods ended 27 April 2008 and 29 April 2007 under s235 of the Companies Act 1985, which do not contain statements under s237(2) or s237(3) of the Companies Act 1985 and are unqualified. The statutory accounts for the 52 week period ended 29 April 2007 have been delivered to the Registrar of Companies and the statutory accounts for the 52 week period ended 27 April 2008 will be filed with the Registrar in due course.

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 1985 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 with borrowings recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost as required by IFRS.

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

### 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 52 weeks ended 27 April 2008:

	Retail		Brands			Eliminations	Total			
	UK wholesale		UK total	International retail	Total	Wholesale	Licensing	Total		Total
	UK retail	& other								
Sales to external customers	957,652	31,956*	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

\* 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

Segmental information for the 52 weeks ended 29 April 2007:

	Retail				Brands			Eliminations	Total	
	UK		UK total	International retail	Total	Wholesale	Licensing			Total
	UK retail	wholesale & other								
Sales to external customers	1,069,667	41,525*	1,111,192	64,018	1,175,210	154,484	17,450	171,934	—	1,347,144
Sales to other segments	—	11,235	11,235	—	11,235	12,523	—	12,523	(23,758)	—
Revenue	1,069,667	52,760	1,122,427	64,018	1,186,445	167,007	17,450	184,457	(23,758)	1,347,144
Gross profit			498,101	22,173	520,274			75,867	—	596,141
Operating profit before foreign exchange and exceptional items			131,762	1,264	133,026			19,700	—	152,726
Operating profit			81,790	1,264	83,054			10,846	—	93,900
Investment income										1,790
Finance income										3,449
Finance costs										(42,081)
Share of profits of associated undertakings and joint ventures										3,422
Profit before taxation										60,480
Taxation										(23,360)
Profit for the period										37,120

\* Includes £14.7 million in relation to property transactions income at a margin of £10.0m.

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 29 April 2007:

	Retail	Brands	Total
	£'000	£'000	£'000
Depreciation	29,022	1,882	30,904
Amortisation	—	3,584	3,584

Information regarding segment assets and liabilities as at 29 April 2007 and capital expenditure for the 52 weeks then ended:

	Retail	Brands	Eliminations	Total
	£'000	£'000	£'000	£'000
Investments in associated undertakings and joint ventures	14,847	7,141	—	21,988
Other assets	984,598	265,434	(328,410)	921,622
Total assets	999,445	272,575	(328,410)	943,610
Total liabilities	(744,811)	(246,405)	328,410	(662,806)
Tangible asset additions	57,732	3,875	—	61,607
Intangible asset additions	20,756	21,445	—	42,201
Total capital expenditure	78,488	25,320	—	103,808

### 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 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

Segmental information for the 52 weeks ended 29 April 2007:

	UK	Non-UK	Unallocated	Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Segmental revenue from external customers	1,178,528	192,374	—	(23,758)	1,347,144
Total capital expenditure	94,873	8,935	—	—	103,808
Segmental assets	1,112,957	133,532	25,531	(328,410)	943,610

### 3 Exceptional items

	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007
	£'000	£'000
Costs relating to admission to the London Stock Exchange	—	586
Past performance bonuses including national insurance	—	56,400
Profit on disposal of certain retail concessions <sup>(1)</sup>	—	(4,160)
Legal claims	—	6,000
	—	58,826

<sup>(1)</sup> In May 2006, the Group disposed of its Hargreaves airport concessions.

#### 4 Operating profit

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

	<b>52 weeks ended 27 April 2008</b>	<b>52 weeks ended 29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
Foreign exchange (gains)/losses <sup>(1)</sup>	(3,461)	23,543
Depreciation of property, plant and equipment		
- owned assets	35,332	30,571
- assets held on finance leases	251	333
Amortisation of intangible assets	2,023	3,584
Operating lease rentals		
- Land and buildings	94,985	80,211
- Other	701	216

(1) Included within this amount is a foreign exchange gain of £15,428,000 on available-for-sale financial assets.

#### 5 Investment income

	<b>52 weeks ended 27 April 2008</b>	<b>52 weeks ended 29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
Profit on disposal of available-for-sale financial assets (Note 11) <sup>(1)</sup>	41,367	—
Dividend income from investments	2,507	1,790

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

#### 6 Finance income

	<b>52 weeks ended 27 April 2008</b>	<b>52 weeks ended 29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	3,068	709
Other interest receivable	36	630
Expected return on pension plan assets	2,266	2,110

## 7 Finance costs

	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007
	£'000	£'000
Interest on bank loans and overdrafts	32,955	7,024
Interest on other loans and finance leases	4,559	924
Interest on retirement benefit obligations	2,317	2,468
Fair value adjustment to forward foreign exchange contracts <sup>(1)</sup>	5,175	31,665
	<u>45,006</u>	<u>42,081</u>

<sup>(1)</sup>The fair value adjustment to forward foreign exchange contracts relates to adverse differences between the nominal value of forward foreign currency contracts and their fair value at each period end.

## 8 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. The comparative weighted average number of shares has been adjusted for the impact of reverse acquisition accounting as set out in note 1, Basis of Preparation.

Share awards granted during the period were anti-dilutive as at 27 April 2008 as the exercise price exceeded the average market price of the Company's shares during the period from when the share awards were granted to 27 April 2008. 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*

	52 weeks ended 27 April 2008	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007	52 weeks ended 29 April 2007
	Basic £'000	Diluted £'000	Basic £'000	Diluted £'000
Profit for the period	78,182	78,182	37,671	37,671
	<b>Number in thousands</b>		<b>Number in thousands</b>	
Weighted average number of shares	639,010	639,010	460,582	460,582
	<b>Pence per share</b>		<b>Pence per share</b>	
Earnings per share	<u>12.23</u>	<u>12.23</u>	<u>8.18</u>	<u>8.18</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 since admission to the London Stock Exchange. 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.

	<b>52 weeks ended 27 April 2008</b>	<b>52 weeks ended 27 April 2008</b>	<b>52 weeks ended 29 April 2007</b>	<b>52 weeks ended 29 April 2007</b>
	<b>Basic £'000</b>	<b>Diluted £'000</b>	<b>Basic £'000</b>	<b>Diluted £'000</b>
Profit for the period	78,182	78,182	37,671	37,671
Post tax adjustments to profit for the period for the following exceptional items:				
Costs relating to admission to the London Stock Exchange	—	—	410	410
Past performance bonuses including national insurance	—	—	39,480	39,480
Realised (gain)/loss on forward exchange contracts	(2,423)	(2,423)	16,480	16,480
Fair value adjustment to forward foreign exchange contracts	3,623	3,623	22,166	22,166
Profit on disposal of certain retail concessions	—	—	(2,912)	(2,912)
Profit on disposal of listed investments net of interest	(24,648)	(24,648)	—	—
Legal claim	—	—	4,200	4,200
Underlying profit for the period	<u>54,734</u>	<u>54,734</u>	<u>117,495</u>	<u>117,495</u>
			<b>Number in thousands</b>	<b>Number in thousands</b>
Weighted average number of shares	639,010	639,010	720,000	720,000
			<b>Pence per share</b>	<b>Pence per share</b>
Earnings per share	<u>8.57</u>	<u>8.57</u>	<u>16.32</u>	<u>16.32</u>

## 9 Property, plant and equipment

	<b>Freehold land and buildings</b>	<b>Long leasehold property</b>	<b>Short leasehold property</b>	<b>Plant and equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
At 30 April 2006	28,702	10,766	83,970	210,357	333,795
Exchange differences	(347)	—	—	(1,154)	(1,501)
Additions through business combinations	1,669	1,087	21	4,033	6,810
Additions	1,622	2	14,159	39,014	54,797
Eliminated on disposals	(1,790)	(543)	(597)	(16,582)	(19,512)
At 29 April 2007	29,856	11,312	97,553	235,668	374,389
Exchange differences	15	—	145	2,283	2,443
Additions through business combinations	6,494	—	50	3,791	10,335
Additions	84,144	534	7,543	39,555	131,776
Eliminated on disposals	(3,274)	(906)	(4,321)	(9,723)	(18,224)
At 27 April 2008	117,235	10,940	100,970	271,574	500,719
<b>Accumulated depreciation</b>					
As at 30 April 2006	(3,473)	(3,369)	(25,452)	(96,379)	(128,673)
Exchange differences	174	—	—	85	259
Charge for the period	(1,658)	(485)	(4,108)	(24,653)	(30,904)
Eliminated on disposals	247	174	597	8,374	9,392
At 29 April 2007	(4,710)	(3,680)	(28,963)	(112,573)	(149,926)
Exchange differences	27	(1)	—	(589)	(563)
Charge for the period	(4,067)	(8)	(6,453)	(25,055)	(35,583)
Eliminated on disposals	736	48	1,799	5,562	8,145
At 27 April 2008	(8,014)	(3,641)	(33,617)	(132,655)	(177,927)
<b>Net book amount</b>					
At 27 April 2008	109,221	7,299	67,353	138,919	322,792
At 29 April 2007	25,146	7,632	68,590	123,095	224,463
<b>Finance leased assets included in the above net book values</b>					
At 27 April 2008	—	—	—	581	581
At 29 April 2007	—	—	—	1,059	1,059

## 10 Intangible assets

	<b>Goodwill</b>	<b>Trade marks and licences</b>	<b>Brands</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 30 April 2006	38,811	11,521	—	50,332
Arising on business combinations	19,343	—	—	19,343
Additions through business combinations	436	3,844	15,600	19,880
Other additions	—	2,978	—	2,978
At 29 April 2007	58,590	18,343	15,600	92,533
Arising on business combinations	53,167	—	—	53,167
Additions through business combinations	—	3,089	56,146	59,235
Other additions	—	657	—	657
Disposals	(7,658)	(155)	(4,800)	(12,613)
At 27 April 2008	104,099	21,934	66,946	192,979
<b>Amortisation and impairment</b>				
At 30 April 2006	—	(968)	—	(968)
Charge	—	(2,184)	(1,400)	(3,584)
At 29 April 2007	—	(3,152)	(1,400)	(4,552)
Amortisation charge	—	(2,023)	—	(2,023)
Impairment charge	(1,394)	—	—	(1,394)
At 27 April 2008	(1,394)	(5,175)	(1,400)	(7,969)
<b>Net book amount</b>				
At 27 April 2008	102,705	16,759	65,546	185,010
At 29 April 2007	58,590	15,191	14,200	87,981

## 11 Available-for-sale financial assets

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
Available-for-sale financial assets	65,714	75,447

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 year:

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
At beginning of period	75,447	15,338
Additions	565,392	67,215
Disposals	(554,554)	—
Revaluation through equity	(20,571)	(7,106)
At end of period	65,714	75,447

The financial assets at 27 April 2008 relate to strategic investments held of between 0.2% 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 share capital, that being 29.9% (2007: 29.3%) of the ordinary share capital of Blacks Leisure Group plc, a company incorporated in England and Wales. The aggregate of its share capital and reserves and profit for the years ended 28 February 2008 and 28 February 2007 are as follows:

	<b>28 February 2008</b>	<b>28 February 2007</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate share capital and reserves	84,526	91,888
Loss after taxation	(6,051)	(12,624)

## 12 Share capital

	<u>27 April 2008</u>	<u>29 April 2007</u>
	£'000	£'000
<b>Authorised</b>		
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>
<b>Allotted, called up and fully paid</b>		
640,452,369 (2007 : 720,000,000) ordinary shares of 10p each	<u>64,045</u>	<u>72,000</u>
	<u>27 April 2008</u>	<u>29 April 2007</u>
	£'000	£'000
<b>Share capital</b>		
At 29 April 2007	72,000	72,000
Shares cancelled (Note 14)	(7,955)	-
At 27 April 2008	<u>64,045</u>	<u>72,000</u>

## 13 Share premium

	<u>27 April 2008</u>	<u>29 April 2007</u>
	£'000	£'000
At 29 April 2007	874,300	—
Shares issued	—	897,840
Share issue costs	—	(23,540)
At 27 April 2008	<u>874,300</u>	<u>874,300</u>

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

## 14 Treasury shares reserve

	<u>27 April 2008</u>	<u>29 April 2007</u>
	£'000	£'000
At 29 April 2007	—	—
Treasury shares acquired	(201,483)	—
At 27 April 2008	<u>(201,483)</u>	<u>—</u>

Between 24 July 2007 and 11 March 2008 the Group acquired 151,547,631 of its own shares for total consideration of £201,483,000, with the purchase price ranging between £0.95 and £1.50. 79,547,631 of these shares have been cancelled and 7,954,763 of these shares represent excess shares over and above the statutory maximum holding of 10% of the nominal value of issued share capital which will be disposed of or cancelled in accordance with Section 162B and Section 162D of the Companies Act 1985.

## 15 Permanent contribution to capital

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
At 29 April 2007	50	—
Permanent contribution to capital in the period	—	50
At 27 April 2008	<u>50</u>	<u>50</u>

M J W Ashley made a £50,000 cash payment to the Company as a permanent contribution to capital on 8 February 2007 under a deed of capital contribution.

## 16 Capital redemption reserve

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
At 29 April 2007	50	—
Redemption of redeemable preference shares	—	50
Shares cancelled	7,955	—
At 27 April 2008	<u>8,005</u>	<u>50</u>

The capital redemption reserve arose on the redemption of the Company's redeemable preference shares of 10p each at par on 2 March 2007.

Between 5 October 2007 and 11 March 2008 the Group cancelled 79,547,631 of shares acquired as part of the share buy back programme.

## 17 Foreign currency translation reserve

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
At 29 April 2007	(837)	(947)
Translation differences — Group	2,598	190
Translation differences — associates	2,165	(80)
At 27 April 2008	<u>3,926</u>	<u>(837)</u>

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

## 18 Reverse combination reserve

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
At 29 April 2007	(987,312)	—
Reverse acquisition accounting on group reorganisation	—	(987,355)
Release of merger reserve on group reorganisation	—	43
At 27 April 2008	<u>(987,312)</u>	<u>(987,312)</u>

The reverse combination reserve exists as a result of the adoption of the principles of reverse acquisition accounting in accounting for the group restructuring which occurred on 2 March 2007 and 29 March 2007 between the Company and Sports World International Limited, Brands Holdings Limited, International Brand Management Limited and CDS Holdings SA with Sports World International Limited as the acquirer.

## 19 Retained earnings

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
At 29 April 2007	317,708	285,711
Expense recognised directly in equity	(13,128)	(5,294)
Profit for the financial period	78,182	37,671
Dividends	(19,126)	(380)
At 27 April 2008	<u>363,636</u>	<u>317,708</u>

## 20 Minority interests

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
At 29 April 2007	4,845	5,396
Share of loss for the period	(435)	(551)
Acquisitions	(1,668)	—
Disposals	500	—
At 27 April 2008	<u>3,242</u>	<u>4,845</u>

## 21 Borrowings

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
<i>Non-current:</i>		
Bank and other loans	13,641	1,844
Obligations under finance leases	614	91
	<u>14,255</u>	<u>1,935</u>
<i>Current:</i>		
Bank overdrafts	471,471	206,837
Bank and other loans	4,704	10,463
Obligations under finance leases	225	696
	<u>476,400</u>	<u>217,996</u>
<i>Total borrowings:</i>		
Bank overdrafts	471,471	206,837
Bank and other loans	18,345	12,307
Obligations under finance leases	839	787
	<u>490,655</u>	<u>219,931</u>

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

	<b>27 April 2008</b>	<b>29 April 2007</b>
	<b>£'000</b>	<b>£'000</b>
Borrowings are repayable as follows:		
Within one year	8,197	11,159
Between one and two years	8,576	922
Between two and five years	900	924
After five years	1,511	89
	<u>19,184</u>	<u>13,094</u>
Borrowings — Sterling	4,665	4,231
Borrowings — Other	14,519	8,863
	<u>19,184</u>	<u>13,094</u>

## 22 Acquisitions

Details of principal acquisitions for the 52 weeks ended 27 April 2008 are set out below.

	<u>Date of acquisition</u>	<u>Percentage of equity acquired</u>	<u>Nature of activity</u>
Field & Trek (UK) Limited	11 July 2007 <sup>(1)</sup>	100	Retail
Everlast Worldwide Inc.	20 September 2007	100	Wholesale
Sport 2000 Sportne Trgovine DOC	7 August 2007 <sup>(2)</sup>	20	Retail
Smith and Brooks Holdings Limited	12 September 2007 <sup>(2)</sup>	40	Wholesale
Sterling Resources (Holdings) Limited	24 December 2007	80	Retail

<sup>(1)</sup> This was completed in two stages with 60% being acquired on 11 July 2007 and the remaining 40% on 1 April 2008.

<sup>(2)</sup> This was an additional acquisition which takes the cumulative holding to 100%.

The aggregate fair value of consideration paid, assets and liabilities acquired and resulting goodwill in respect of the above acquisitions is detailed below.

	<u>Everlast Worldwide</u>	<u>Field &amp; Trek</u>	<u>Other</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
Cash consideration including costs	80,865	6,068	11,183	98,116
Less: fair value of net assets acquired	(38,910)	(574)	(5,465)	(44,949)
Goodwill	41,955	5,494	5,718	53,167

The goodwill is attributable to the premium paid to strengthen the Group's existing business segments of retail and brand, which is in line with the Group's strategy.

### Everlast Worldwide Inc

	<u>Carrying values at acquisition</u>	<u>Provisional fair value adjustment</u>	<u>Fair value of net assets acquired</u>
	£'000	£'000	£'000
Property, plant and equipment	3,139	—	3,139
Intangible assets	14,640	42,933	57,573
Deferred tax asset	1,575	—	1,575
Inventories	5,893	—	5,893
Trade and other receivables	10,286	—	10,286
Cash and cash equivalents	(5,664)	—	(5,664)
Borrowings	(11,685)	—	(11,685)
Trade and other payables	(6,094)	—	(6,094)
Deferred tax liability	—	(16,113)	(16,113)
	12,090	26,820	38,910

Separately identifiable intangible assets, primarily representing brands and licensing agreements acquired, amounting to £57,573,000 (deferred tax liability thereon totalling £16,113,000) were recognised as a fair value adjustment on acquisition

£19,846,000 of revenue, £4,178,000 of operating profit and £3,220,000 of profit before tax has been included within the Group's financial statements for the period in respect of the above acquired entity since the date of acquisition.

Cash flows arising from the acquisition are as follows:

	<b>27 April 2008</b>
	<b>£'000</b>
Cash consideration	80,865
Bank overdraft acquired	5,664
	<hr/>
Net cash outflow in the cash flow statement	<b>86,529</b>

The goodwill is attributable to the premium paid to strengthen the Group's existing business segments of retail and brand, which is in line with the Group's strategy.

### Field and Trek (UK) Limited

	<b>Carrying values at acquisition</b>	<b>Provisional fair value adjustment</b>	<b>Fair value of net assets acquired</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Property, plant and equipment	322	—	322
Intangible assets	—	1,254	1,254
Inventories	1,879	—	1,879
Trade and other receivables	460	—	460
Cash and cash equivalents	6	—	6
Borrowings	(733)	—	(733)
Trade and other payables	(1,673)	—	(1,673)
Deferred tax liability	—	(351)	(351)
Minority interests	(590)	—	(590)
	<hr/>	<hr/>	<hr/>
	<b>(329)</b>	<b>903</b>	<b>574</b>

Separately identifiable intangible assets, primarily representing trading names acquired, amounting to £1,254,000 (deferred tax liability thereon totalling £351,000) were recognised as a fair value adjustment on acquisition.

£9,488,000 of revenue, £2,030,000 of operating loss and £2,037,000 of loss before tax has been included within the Group's financial statements for the period in respect of the above acquired entity since the date of acquisition.

Cash flows arising from the acquisition are as follows:

	<b>28 October 2007</b>
	<b>£'000</b>
Cash consideration	6,068
Cash acquired	(6)
	<hr/>
Net cash outflow in the cash flow statement	<b>6,062</b>

## Other acquisitions

	<b>Carrying values at acquisition</b>	<b>Provisional fair value adjustments</b>	<b>Fair value of net assets acquired</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Property, plant and equipment	10,470	—	10,470
Intangible assets	15	381	396
Investments	535	(535)	—
Inventories	3,119	—	3,119
Trade and other receivables	4,804	—	4,804
Cash and cash equivalents	(818)	—	(818)
Borrowings	(6,548)	—	(6,548)
Trade and other payables	(7,324)	—	(7,324)
Deferred tax liability	—	(111)	(111)
Minority interests	1,477	—	1,477
	<u>5,730</u>	<u>(265)</u>	<u>5,465</u>

If the above acquired entities had been acquired at the beginning of the period the Group's financial statements would show revenue of £1,273,968,000, operating profit of £111,966,000 and profit before taxation of £120,444,000.

## Disposal of Original Shoe Company Limited

On 28 January 2008 the Group disposed of the Original Shoe Company for £5,000,000. The disposal resulted in the elimination of £7,658,000 goodwill, £4,800,000 of Brands and net liabilities of £5,575,000.

### 23 Cash inflows from operating activities

	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007
	<u>£'000</u>	<u>£'000</u>
Profit before taxation	118,873	60,480
Net finance (income)/costs	39,636	38,632
Profit on disposal of available-for-sale financial assets	(41,367)	—
Investment income	(2,507)	(1,790)
Share of profit of associated undertakings and joint ventures	(5,020)	(3,422)
Operating profit	<u>109,615</u>	<u>93,900</u>
Depreciation	35,583	30,904
Amortisation charge	2,023	3,584
Impairment charge	1,394	—
Loss on disposal of intangibles	155	—
Loss on disposal of subsidiary undertakings	1,883	—
Defined benefit pension plan current service cost	69	175
Defined benefit pension plan employer contributions	(1,110)	(2,136)
Operating cash inflow before changes in working capital	<u>149,612</u>	<u>126,427</u>
Decrease in receivables	6,395	16,196
Decrease in inventories	23,511	2,494
(Decrease)/increase in payables	(119,999)	54,144
Cash inflows from operating activities	<u><u>59,519</u></u>	<u><u>199,261</u></u>