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JD Sports Fashion Plc
17 September 2014

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JD SPORTS FASHION PLC
INTERIM RESULTS
FOR THE TWENTY SIX WEEKS TO 2 AUGUST 2014

JD Sports Fashion Plc (the 'Group'), the leading retailer and distributor of branded sportswear, fashionwear and outdoor clothing and equipment, today announces its Interim Results for the 26 weeks ended 2 August 2014 (comparative figures are shown for the 26 week period ended 3 August 2013).

Results

	2014 £000	2013 £000	% Change
Revenue	**721,450**	567,370	+27%
Gross profit %	**47.6%**	48.8%	
Operating profit (before exceptional items)	**20,997**	10,392	+102%
Profit before tax and exceptional items	**19,994**	9,994	+100%
Profit before tax	**16,454**	6,087	+170%
Basic earnings per ordinary share (a)	**6.48p**	2.55p	+154%
Interim dividend payable per ordinary share (a)	**1.1500p**	1.1125p	
Net cash at end of period (b)	**11,152**	20,653	

(a) The prior year has been restated to reflect the 4:1 share split which was approved by shareholders at the Annual General Meeting on 26 June 2014.
(b) Net cash consists of cash and cash equivalents together with other borrowings from bank loans, other loans and finance leases.

Highlights

- Record result for the half year with group profit before tax and exceptional items doubled
- Positive momentum in the Sports fascias in all territories with like for like store sales growth across the combined European fascias of 13%
- Continued progress in Outdoor with like for like store sales growth of 12%
- Further management focus concentrated on Fashion fascias
- Strong like for like comparatives in the Sports fascias in the second half
- Interim dividend increased by 3.4% from 1.1125p to 1.1500p

- Sales, gross margin and operating profit / (loss) before exceptional items of the three business segments are tabulated below:

Period to 2 August 2014	Sport £000	Fashion £000	Outdoor £000	Total £000
Gross revenue	577,379	83,404	61,530	722,313
Intersegment revenue	(551)	(312)	-	(863)
Revenue	576,828	83,092	61,530	721,450
Gross margin %	48.4%	44.5%	43.7%	47.6%
Operating profit / (loss) before exceptional items	34,834	(8,226)	(5,611)	20,997

Period to 3 August 2013 (restated)	Sport £000	Fashion £000	Outdoor £000	Total £000
Gross revenue	452,431	73,030	43,072	568,533
Intersegment revenue	(667)	(496)	-	(1,163)
Revenue	451,764	72,534	43,072	567,370
Gross margin %	49.7%	45.6%	44.4%	48.8%
Operating profit / (loss) before exceptional items	26,059	(6,796)	(8,871)	10,392

Peter Cowgill, Executive Chairman, said:

"The Group has delivered record results for the first half with encouraging progress in the principal areas of the business, notably our UK and European Sports fascias. I am also pleased with the positive progress in our Outdoor business, particularly since the move to our central facilities was only completed in July last year. Fashion continues to disappoint, albeit trading more positively in the second quarter. The second half of the year is traditionally stronger for the Fashion fascias.

"Our Sports operations continue to provide the engine for profit growth and cash generation in the Group and will therefore continue to be the primary focus of investment.

"The Board recognises the demanding comparatives of the second half of the last financial year, particularly in the core UK and Ireland Sports fascias where like for like sales increased by 11.2%, as well as our significant dependence on Christmas trading but following the robust performance of the business in the first half believes that the Group is well positioned to deliver results towards the upper end of current market expectations."

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Executive Chairman's Statement

Introduction

The Group has delivered record results for the first half with encouraging progress in the principal areas of the business, notably our UK and European Sports fascias. I am also pleased with the positive progress in our Outdoor business, particularly since the move to our central facilities was only completed in July last year. Fashion continues to disappoint, albeit trading more positively in the second quarter. The second half of the year is traditionally stronger for the Fashion fascias.

Our Sports operations continue to provide the engine for profit growth and cash generation in the Group and will therefore continue to be the primary focus of investment. We are now confident that our unique model of exclusive product presented with the highest standards of visual merchandising can be successful in a wider geography. During the period, we converted the 10 Isico stores in Germany to the JD fascia and are pleased with the initial performance in this territory. We have subsequently opened a further two stores in this country and have increased our critical mass elsewhere with additional stores in the period in both France and the Netherlands. There will be further openings in all of our international territories in the second half.

As anticipated, the combined Blacks and Millets business has continued to progress after the major restructuring activity of the previous year which was necessary to give the business a stable platform on which to develop. During the period we have made two small acquisitions which have been integrated into the Blacks and Millets organisation and systems to complement our existing offering. These were:

- 14 stores trading as Oswald Bailey. These stores have provided additional geographical coverage in the South of England for our Millets offering which focuses on apparel, footwear and camping equipment for families and the more casual outdoor consumer.
- The Ultimate Outdoors business in the North of England. This business had three stores in Skipton, Lancaster and Keswick. The offer in these stores is a logical fit with the offer in the Blacks fascia.

We have subsequently opened a new concept 'Ultimate Outdoors' store in Preston where we have combined our Outdoor offerings in a larger space. As the name suggests, we believe that this fascia and website can be the destination of choice for any Outdoor consumer as it provides easy access to our full Outdoor offer, both technical and casual.

With the exception of Scotts, our Fashion fascias, and notably Bank, have had a difficult half, in which early weak store like for like sales improved to a marginal decline of 1% cumulatively by the end of the period. The management team believe that the initiatives they have embarked upon during the period to boost online sales, improve merchandise management and reduce onerous property costs have provided the framework to deliver an improved second half performance. We are also reducing the costs in the business both in stores and centrally wherever possible.

Sport

Sport has had an excellent first half with operating profits (before exceptional items) increased to £34.8 million (2013: £26.1 million) with positive momentum in all of the territories in which we operate. All of our Sport fascias have benefitted in the period from the trends for branded athletic footwear seen over the last 12 months.

Sport continues to be the focus of investment for the Group and, whilst international development is a key priority, we remain totally committed to developing the JD fascia in the UK and Ireland as well. During the period we also refurbished our flagship store in the Trafford Centre which reopened at the end of August. We believe that this store is an important step forward for our already high standards of visual merchandising and retail theatre and in our embracing of the latest multichannel technology.

We are pleased with the progression that we have seen in all of our international businesses.

We have increased our presence in France and after opening a further four JD stores we had 21 stores open at the end of the period. Two of the new stores were in the Paris metropolitan area where we now have substantial critical mass. We have also opened a second store in Marseille and extended our existing store in Lyon. Subject to property availability, we will open up to five further stores in France in the second half. Chausport has also performed well in the first half. The clear separation of responsibilities between the different fascias in France has enabled local management to focus on delivering product suitable to their core demographic.

The timing of the availability of suitable property has meant that we have not been able to expand the JD presence in Spain during the period. However, we believe that we could open up to two new stores in the Madrid area in the second half giving us additional critical mass in this city. We continue to look at opportunities in other major conurbations. We are encouraged by the performance of the JD fascia in the country. We continue to be very pleased with the performance of the Sprinter business. The Sprinter management team have developed a very agile store model and flexible supply chain which enables them to react quickly to property opportunities which arise. Sprinter continues to expand outside of its traditional heartlands and during the period the business opened its first store in Catalonia.

We are encouraged by the early performance of our stores in Holland. The stores which we acquired initially were concentrated in smaller regional towns and cities. However, the successful start which we have had in Rotterdam, where we opened in a prime footfall location in December 2013, gave us the confidence to open in other major retail destinations. As a result, during the period we expanded our presence in the country by opening a store in Den Haag.

We are also pleased with the initial performance of our stores in Germany. The Isico stores which we acquired in July 2013 have now all been converted to the JD fascia and we are pleased with the customer reactions to both the change of name and our product offer. We opened two small new stores in the period.

We have also now launched country specific JD websites in each of the international territories where we have a retail presence. This enables us to give the customer in these territories a truly multichannel retail experience. In addition, the introduction of kiosks in smaller stores enables customers to access a range wider than the physical stores can support.

Fashion

The operating loss (before exceptional items) in Fashion increased in the period from £6.8 million to £8.2 million. This includes £0.7m of pre-opening costs associated with our new 'Open' fascia. Scotts has performed well in the first half and its branded fashion authority remains popular with its core demographic.

We believe Bank is capable of delivering an improvement in results from this half. The Autumn / Winter season represents the first full season in which Gwynn Milligan, who was appointed as Managing Director in Summer 2013, has had a full influence on the product selection. From a property perspective, one underperforming store has already closed in the second half and we anticipate that a further two stores will be closed before the year end. Some rent reductions have also recently been obtained. Ultimately, the performance in the second half will provide a measurement of the progress being made in this turnaround.

Outdoor

The operating loss in Outdoor has reduced from £8.9 million to £5.6 million with considerable progress made in Blacks and Millets. Tiso, which was acquired in November 2013, made a small loss in the period which was in line with our expectations.

The performance of Blacks and Millets has benefitted from the operational changes which we made in the previous year. The two fascias now have clear and distinct propositions. We believe that, where possible, consumers' decision making benefits from having access, both instore and online, to a broad product range both in terms of price points and technical specification as different products are designed for different performance levels. We believe that our new Ultimate Outdoors proposition provides the customer with this access and choice. To date we are still only trialling one store in Preston, together with a trading website, and it is too early to make an assessment of performance. However, we are looking at options to extend the store base subject to the availability of cost effective property in appropriate destinations.

The acquisition of Tiso has given us access to a number of new brands which were not previously available to the Blacks and Millets fascias and it is important that we continue to nurture these relationships. Tiso continues to trade with independent management and systems and its recent results are improving although the business is not expected to be profitable this year.

Group Performance

Revenue, gross margin and overheads

Total Group revenue increased by 27% in the period to £721.5 million (2013: £567.4 million).

Group gross margin decreased in the period from 48.8% to 47.6% principally for the following reasons:

- Sport - increased participation of lower margin sales online both in our existing fascias and in ActivInstinct, which we acquired in October 2013, combined with increased footwear participation in the total mix
- Fashion - increased provisions made against slow moving stocks
- Outdoor - impact of lower margin Tiso business

Selling and distribution overheads (excluding exceptional items) have reduced to 40.2% of revenue (2013: 42.8%) reflecting the fixed cost nature of the retail fascias, combined with the elimination of the duplicate warehouse costs that we experienced in the prior year before the closure of the Northampton facility.

Operating profits and results

Group operating profit (before exceptional items) for the period has more than doubled to £21.0 million (2013: £10.4 million) following an exceptional performance in our Sports fascias throughout Europe and a significant reduction in losses in Outdoor. We expect further progress in Outdoor in the second half.

There were net exceptional charges of £3.5 million in the period (2013: £3.9 million) principally from increased provisions for onerous property leases.

Group profit before tax in the period ultimately increased by £10.4 million to £16.5 million (2013: £6.1 million).

Working capital and cash

Period end net cash has reduced by £9.5 million to £11.2 million (2013: £20.7 million) principally from:

- Higher inventories and capital expenditure to drive growth in the Sports fascias, both domestically and internationally
- Improved stock availability in Outdoor ahead of the key Autumn season
- Capital expenditure in the period increased to £26.3 million (2013: £21.5 million) which includes a total of £6.4 million (2013: £2.5 million) in relation to ongoing projects in IT and Logistics to improve operational infrastructure
- Net cash cost of acquisitions in the period increased to £9.0 million (2013: £3.9 million)

Our continued confidence in the potential for JD internationally, combined with ongoing investment in our other fascias, ongoing investment in the new core Oracle ERP system, and completion of the works to increase our capabilities at Kingsway, means that overall capital expenditure will be significantly higher than the prior year.

We continue to pay suppliers according to terms and take settlement discount whenever it is available.

Store Portfolio

During the period, store numbers (excluding trading websites) have moved as follows:

Sports Fascias

	JD UK & ROI	JD France	JD Spain	JD Holland	JD Germany	Size	Chausport	Sprinter	**Total**
Note	*(1)*	*(2)*				*(3)*			
No. Stores									
Start of period	348	17	8	15	10	25	75	65	**563**
New stores	4	4	-	1	2	2	1	9	**23**
Closures	(4)	-	-	-	-	-	(2)	-	**(6)**
End of period	348	21	8	16	12	27	74	74	**580**
000 Sq Ft									
Start of period	1,274	42	21	21	8	34	84	745	**2,229**
New stores	14	12	-	3	2	3	1	64	**99**
Closures	(7)	-	-	-	-	-	(2)	-	**(9)**
Extensions (4)	-	2	-	-	-	-	-	-	**2**
Adjustments	(4)	-	-	-	-	-	-	-	**(4)**

End of period	1,277	56	21	24	10	37	83	809	**2,317**

1. *Includes Champion stores in Republic of Ireland which are serviced and managed by the UK team but excludes Size store in Dublin*
2. *Excludes the Size store in Les Halles, Paris*
3. *Being all stores in all territories*
4. *Extension to existing store at Lyon Part Dieu*

Fashion Fascias

	Bank	Scotts	Premium	Other	**Total**
Note				*(5)*	
No. Stores					
Start of period	89	33	17	10	**149**
Acquisitions	-	-	-	1	**1**
Closures	(1)	-	-	(2)	**(3)**
End of period	88	33	17	9	**147**
000 Sq Ft					
Start of period	269	65	46	26	**406**
Acquisitions	-	-	-	1	**1**
Closures	(2)	-	-	(8)	**(10)**
End of period	267	65	46	19	**397**

5. *Being the smaller fascias of Ark, Cloggs and Mainline Menswear*

Outdoor

	Blacks	Millets	Ultimate Outdoors	Tiso	**Total**
Note	*(6)*	*(7)*	*(8)*		
No. Stores					
Start of period	76	80	-	17	**173**
New stores	-	7	1	-	**8**
Acquired	3	14	-	-	**17**
Transfers	(3)	3	-	-	**-**
Closures	(2)	(10)	-	-	**(12)**
End of period	74	94	1	17	**186**
000 Sq Ft					
Start of period	287	143	-	101	**531**
New stores	-	18	16	-	**34**
Acquired	8	23	-	-	**31**
Transfers	(12)	12	-	-	**-**
Closures	(10)	(18)	-	-	**(28)**
End of period	273	178	16	101	**568**

6. *Includes 'original' Ultimate Outdoors stores acquired in February 2014*
7. *Includes the Oswald Bailey stores acquired in March 2014*
8. *Being the 'new format' Ultimate Outdoors store*

Dividends and Earnings per Ordinary Share

The Board retains its confidence in the long term prospects of the Group and the robust performance of our Sports fascias in particular. Whilst we still have substantial financial resources within the Group, including access to the £155 million committed bank facility, we want to be able take advantage of strategic and organic opportunities in our key Sports markets when they arise. Against this background and with the key trading period still ahead of us we will pay an interim dividend of 1.1500p per ordinary share which represents an increase of 3.4% over the prior year (restated 2013: 1.1125p).

This dividend will be paid on 9 January 2015 to shareholders on the register as at close of business on 5 December 2014.

The adjusted basic earnings per ordinary share before exceptional items are 7.75p (restated 2013: 3.95p). The prior year has been restated to reflect the 4:1 share split which was approved by shareholders on 26 June 2014.

The basic earnings per ordinary share are 6.48p (restated 2013: 2.55p).

Employees

The exceptional performance in the period is a testament to the skills, energy, experience and professionalism of everyone involved in the business. Our Sports fascias, in particular, both in the UK and increasingly internationally, are world class in performance and continue to set high standards that we challenge our other businesses to match.

The Board would also like to thank Barry Bown for his valued and considerable contribution to the growth and progress of the business in the 30 years that he was with the Group. With the leadership role of the Executive Chairman having been in place since 2004, and the considerable development and strengthening of the senior leadership team over the past decade, there will be no immediate replacement of the role of Chief Executive Officer.

Current Trading and Outlook

The Board recognises the demanding comparatives of the second half of the last financial year, particularly in the core UK and Ireland Sports fascias where like for like sales increased by 11.2%, as well as our significant dependence on Christmas trading but following the robust performance of the business in the first half believes that the Group is well positioned to deliver results towards the upper end of current market expectations.

We will provide an update on trading in our Interim Management Statement which is due for release no later than 19 December 2014.

Peter Cowgill
Executive Chairman
17 September 2014

Condensed Consolidated Income Statement
For the 26 weeks to 2 August 2014

	Note	**26 weeks to 2 August 2014 £000**	26 weeks to 3 August 2013 £000	52 weeks to 1 February 2014 £000
Revenue		**721,450**	567,370	1,330,578
Cost of sales		**(377,951)**	(290,257)	(685,448)
Gross profit		**343,499**	277,113	645,130
Selling and distribution expenses - normal		**(290,263)**	(242,821)	(512,092)
Selling and distribution expenses - exceptional	3	**(3,540)**	(3,907)	(7,310)
Selling and distribution expenses		**(293,803)**	(246,728)	(519,402)
Administrative expenses - normal		**(32,899)**	(25,329)	(56,430)
Administrative expenses - exceptional	3	**-**	-	(11,839)
Administrative expenses		**(32,899)**	(25,329)	(68,269)
Other operating income		**660**	1,429	1,593
Operating profit		**17,457**	6,485	59,052
Before exceptional items		**20,997**	10,392	78,201
Exceptional items	3	**(3,540)**	(3,907)	(19,149)
Operating profit		**17,457**	6,485	59,052
Financial income		**389**	292	582
Financial expenses		**(1,392)**	(690)	(1,784)
Profit before tax		**16,454**	6,087	57,850
Income tax expense		**(3,799)**	(1,591)	(16,364)
Profit for the period		**12,655**	4,496	41,486
Attributable to equity holders of the parent		**12,609**	4,957	40,158
Attributable to non-controlling interest		**46**	(461)	1,328
Basic earnings per ordinary share	4	**6.48p**	2.55p	20.63p
Diluted earnings per ordinary share	4	**6.48p**	2.55p	20.63p

Condensed Consolidated Statement of Comprehensive Income
For the 26 weeks to 2 August2014

26 weeks	26 weeks	52 weeks to

	to 2 August 2014 £000	to 3 August 2013 £000	1 February 2014 £000
Profit for the period	**12,655**	4,496	41,486
Other comprehensive income:			
Items that may be classified subsequently to the Consolidated Income Statement:			
Exchange differences on translation of foreign operations	**162**	83	(2,728)
Total other comprehensive income for the period	**162**	83	(2,728)
Total comprehensive income and expense for the period (net of income tax)	**12,817**	4,579	38,758
Attributable to equity holders of the parent	**12,772**	5,040	37,425
Attributable to non-controlling interest	**45**	(461)	1,333

Condensed Consolidated Statement of Financial Position
As at 2 August 2014

	As at 2 August 2014 £000	As at 3 August 2013 £000	As at 1 February 2014 £000
Assets			
Intangible assets	**113,437**	97,408	104,330
Property, plant and equipment	**147,688**	134,755	141,574
Other assets	**24,153**	22,513	23,802
Total non-current assets	**285,278**	254,676	269,706
Inventories	**224,753**	162,347	186,116
Trade and other receivables	**80,125**	78,477	66,966
Cash and cash equivalents	**93,690**	46,623	76,797
Total current assets	**398,568**	287,447	329,879
Total assets	**683,846**	542,123	599,585
Liabilities			
Interest-bearing loans and borrowings	**(82,071)**	(25,251)	(30,970)
Trade and other payables	**(276,996)**	(224,179)	(240,544)
Provisions	**(2,668)**	(2,549)	(2,541)
Income tax liabilities	**(5,198)**	(4,865)	(11,596)
Total current liabilities	**(366,933)**	(256,844)	(285,651)
Interest-bearing loans and borrowings	**(467)**	(719)	(551)
Other payables	**(33,827)**	(31,495)	(34,487)
Provisions	**(2,484)**	(3,405)	(1,773)
Deferred tax liabilities	**(4,485)**	(3,907)	(4,283)
Total non-current liabilities	**(41,263)**	(39,526)	(41,094)
Total liabilities	**(408,196)**	(296,370)	(326,745)
Total assets less total liabilities	**275,650**	245,753	272,840
Capital and reserves			
Issued ordinary share capital	**2,433**	2,433	2,433
Share premium	**11,659**	11,659	11,659
Retained earnings	**259,331**	224,823	257,744
Other reserves	**(11,907)**	(6,758)	(12,070)
Total equity attributable to equity holders of the parent	**261,516**	232,157	259,766
Non-controlling interest	**14,134**	13,596	13,074
Total equity	**275,650**	245,753	272,840

Condensed Consolidated Statement of Changes in Equity
For the 26 weeks to 2 August 2014

	Ordinary Share Capital £000	Share Premium £000	Retained Earnings £000	Foreign Currency Translation Reserve £000	Other Equity £000	Total Equity Attributable To Equity Holders Of The Parent £000
Balance at 1 February 2014	2,433	11,659	257,744	(8,997)	(3,073)	259,766
Profit for the period	-	-	12,609	-	-	12,609
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	163	-	163
Total other comprehensive income	-	-	-	163	-	163
Total comprehensive income for the period	-	-	12,609	163	-	12,772
Dividends to equity holders	-	-	(11,022)	-	-	(11,022)
Non-controlling interest arising on acquisition	-	-	-	-	-	-
Balance at 2 August 2014	**2,433**	**11,659**	**259,331**	**(8,834)**	**(3,073)**	**261,516**

(continued)

	Total Equity Attributable To Equity Holders Of The Parent £000	Non-Controlling Interest £000	Total Equity £000
Balance at 1 February 2014	259,766	13,074	272,840
Profit for the period	12,609	46	12,655
Other comprehensive income:			
Exchange differences on translation of foreign operations	163	(1)	162
Total other comprehensive income	163	(1)	162
Total comprehensive income for the period	12,772	45	12,817
Dividends to equity holders	(11,022)	-	(11,022)
Non-controlling interest arising on acquisition	-	1,015	1,015
Balance at 2 August 2014	**261,516**	**14,134**	**275,650**

Condensed Consolidated Statement of Changes in Equity (continued)
For the 26 weeks to 3 August 2013

	Ordinary Share Capital £000	Share Premium £000	Retained Earnings £000	Foreign Currency Translation Reserve £000	Other Equity £000	Total Equity Attributable To Equity Holders Of The Parent £000
Balance at 2 February 2013	2,433	11,659	230,572	(6,264)	(577)	237,823
Profit for the period	-	-	4,957	-	-	4,957
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	83	-	83

Total other comprehensive income	-	-	-	83	-	83
Total comprehensive income for the period	-	-	4,957	83	-	5,040
Dividends to equity holders	-	-	(10,706)	-	-	(10,706)
Non-controlling interest arising on acquisition	-	-	-	-	-	-
Balance at 3 August 2013	**2,433**	**11,659**	**224,823**	**(6,181)**	**(577)**	**232,157**

(continued)

	Total Equity Attributable To Equity Holders Of The Parent £000	**Non Controlling Interest £000**	**Total Equity £000**
Balance at 2 February 2013	237,823	13,934	251,757
Profit for the period	4,957	(461)	4,496
<u>Other comprehensive income:</u>			
Exchange differences on translation of foreign operations	83	-	83
Total other comprehensive income	83	-	83
Total comprehensive income for the period	5,040	(461)	4,579
Dividends to equity holders	(10,706)	-	(10,706)
Non-controlling interest arising on acquisition	-	123	123
Balance at 3 August 2013	**232,157**	**13,596**	**245,753**

Condensed Consolidated Statement of Cash Flows
For the 26 weeks to 2 August 2014

	Note	**26 weeks to 2 August 2014 £000**	26 weeks to 3 August 2013 £000	52 weeks to 1 February 2014 £000
Cash flows from operating activities				
Profit for the period		**12,655**	4,496	41,486
Income tax expense		**3,799**	1,591	16,364
Financial expenses		**1,392**	690	1,784
Financial income		**(389)**	(292)	(582)
Depreciation and amortisation of non-current assets		**18,686**	16,127	34,353
Exchange differences on translation		**166**	83	(2,709)
Revaluation of forward contracts		**1,809**	(1,742)	6,254
Loss on disposal of non-current assets	3	**322**	374	1,017
Other exceptional items	3	**571**	2,614	14,225
Increase in inventories		**(36,058)**	(14,042)	(29,372)
Increase in trade and other receivables		**(12,936)**	(19,473)	(8,702)
Increase in trade and other payables		**21,941**	15,576	19,671
Interest paid		**(1,392)**	(690)	(1,784)
Income taxes paid		**(10,090)**	(5,412)	(14,810)
Net cash inflow / (outflow) from operating activities		**476**	(100)	77,195
Cash flows from investing activities				
Interest received		**389**	292	582
Proceeds from sale of non-current assets		**361**	252	557

Disposal costs of non-current assets	**-**	-	(7)
Acquisition of other intangible assets	**(29)**	-	-
Investment in bespoke software development	**(1,810)**	-	(4,609)
Acquisition of property, plant and equipment	**(23,583)**	(20,317)	(40,351)
Acquisition of non-current other assets	**(880)**	(1,162)	(3,224)
Cash consideration of acquisitions	**(12,610)**	(3,988)	(14,889)
Cash acquired with acquisitions	**3,562**	100	1,313
Overdrafts acquired with acquisitions	**-**	-	(3,637)
Net cash used in investing activities	**(34,600)**	(24,823)	(64,265)

Condensed Consolidated Statement of Cash Flows (continued)
For the 26 weeks to 2 August 2014

	26 weeks to 2 August 2014 £000	26 weeks to 3 August 2013 £000	52 weeks to 1 February 2014 £000
Cash flows from financing activities			
Repayment of interest-bearing loans and borrowings	**(84)**	(84)	(129)
Increase in / (repayment of) finance lease liabilities	**61**	(37)	(60)
Draw down of syndicated bank facility	**51,000**	23,500	26,000
Equity dividends paid	**-**	-	(12,871)
Dividends paid to non-controlling interest in subsidiaries	**-**	-	(45)
Net cash used in financing activities	**50,977**	23,379	12,895
Net increase / (decrease) in cash and cash equivalents	**16,853**	(1,544)	25,825
Cash and cash equivalents at the beginning of the period	**72,043**	46,228	46,228
Foreign exchange losses on cash and cash equivalents	**-**	-	(10)
Cash and cash equivalents at the end of the period	**88,896**	44,684	72,043

Analysis of Net Cash

	At 1 February 2014 £000	On acquisition of subsidiaries £000	Cash flow £000	Non-cash movements £000	**At 2 August 2014 £000**
Cash at bank and in hand	76,797	3,562	13,331	-	**93,690**
Overdrafts	(4,754)	-	(40)	-	**(4,794)**
Cash and cash equivalents	**72,043**	**3,562**	**13,291**	-	**88,896**
Interest bearing loans and borrowings:					
Bank loans	(288)	-	52	-	**(236)**
Syndicated bank facility	(26,000)	-	(51,000)	-	**(77,000)**
Finance lease liabilities	(72)	-	(61)	-	**(133)**
Other loans	(407)	-	32	-	**(375)**
Total interest bearing loans and borrowings	**(26,767)**	**-**	**(50,977)**	**-**	**(77,744)**
	45,276	**3,562**	**(37,686)**	**-**	**11,152**

1. **Basis of Preparation**

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The half year financial report for the 26 week period to 2 August 2014 represents that of the Company and its subsidiaries (together referred to as the 'Group').

This half year financial report is an interim management report as required by DTR 4.2.3 of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority and was authorised for issue by the Board of Directors on 17 September 2014.

The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. The annual financial statements of the Group are prepared in accordance with IFRS's as adopted by the EU. The comparative figures for the 52 week period to 1 February 2014 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's Auditor and delivered to the Registrar of Companies. The Report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The information contained in the half year financial report for the 26 week period to 2 August 2014 and 3 August 2013 has been reviewed and the independent review report for the 26 week period to 2 August 2014 is set out in the half yearly financial report.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the half year financial report has been prepared by applying the same accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 52 week period to 1 February 2014.

The following amendments to accounting standards and interpretations, issued by the International Accounting Standards Board (IASB), have been adopted for the first time by the Group in the period with no significant impact on its consolidated results or financial position:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Amendments to IFRS 10, IFRS 11 and IFRS 12
- IAS 27 'Separate Financial Statements (2011 revised)'
- IAS 28 'Investments in Associates and Joint Ventures (2011 revised)'
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities'
- Amendments to IAS 36 'Recoverable amount disclosures for non-financial assets'

Use of estimates and judgements
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 week period to 1 February 2014.

Risks and uncertainties
The Board has considered the risks and uncertainties for the remaining 26 week period to 31 January 2015 and determined that the risks presented in the Annual Report and Accounts 2014, noted below, remain relevant:

Omnichannel
- Damage to reputation of brands
- Protection of intellectual property
- Retail property factors

1. Basis of Preparation *(continued)*

- Seasonality of sales
- Economic factors
- Reliance on non-UK manufacturers

Consistency of infrastructure
- Reliance on legacy IT systems
- Consolidation of warehouse operations
- Retention of key personnel

A major variable, and therefore risk, to the Group's financial performance for the remainder of the financial period is the sales and margin performance in the retail fascias, particularly in December and January. Further comment on this and other risks and uncertainties faced by the Group is provided in the Executive Chairman's statement included within this half year report.

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

2. Segmental Analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to the segments and to assess their performance. The Chief Operating Decision Maker is considered to be the Executive Chairman of JD Sports Fashion Plc.

Information reported to the Chief Operating Decision Maker is focused more on the nature of the businesses within the Group. In the previous period the reportable segments have been adjusted to reflect the streamlining of the Group's businesses into three main operating divisions. This has resulted in those businesses that were previously allocated to the Distribution segment now being allocated to the Sport and Fashion segments based on the nature of the products they supply. The Group's revised reportable segments under IFRS 8 are therefore as follows:

- Sport - includes the results of JD Sports Fashion Plc, John David Sports Fashion (Ireland) Limited, Spodis SA, Champion Sports Ireland, JD Sprinter Holdings 2010 SL (including subsidiary companies), JD Sports Fashion BV, JD Sports Fashion Germany GmbH, ActivInstinct Limited, Duffer of St George Limited, Topgrade Sportswear Limited, Kooga Rugby Limited, Focus Brands Limited (including subsidiary companies), Kukri Sports Limited (including global subsidiary companies) and Source Lab Limited.
- Fashion - includes the results of Bank Fashion Limited, R.D. Scott Limited, Tessuti Group Limited (including subsidiary companies), Nicholas Deakins Limited, Cloggs Online Limited, Ark Fashion Limited and Mainline Menswear Limited.
- Outdoor - includes the results of Blacks Outdoor Retail Limited and Tiso Group Limited (including subsidiary companies)

The Chief Operating Decision Maker receives and reviews segmental operating profit. Certain central administrative costs including Group Directors' salaries are included within the Group's core 'Sport' result. This is consistent with the results as reported to the Chief Operating Decision Maker.

IFRS 8 requires disclosure of information regarding revenue from major products and customers. The majority of the Group's revenue is derived from the retail of a wide range of apparel, footwear and accessories to the general public. As such, the disclosure of revenues from major customers is not appropriate. Disclosure of revenue from major product groups is not provided at this time due to the cost involved to develop a reliable product split on a same category basis across all companies in the Group.

Intersegment transactions are undertaken in the ordinary course of business on arm's length terms.

2. Segmental Analysis *(continued)*

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. Drawdowns from the Group's syndicated borrowing facility of £77,000,000 (2013: £23,500,000) and liabilities for taxation of £9,683,000 (2013: £8,772,000) are included within the unallocated segment.

Each segment is shown net of intercompany transactions and balances within that segment. The eliminations remove intercompany transactions and balances between different segments which primarily relate to the net down of long term loans and short term working capital funding provided by JD Sports Fashion Plc (within Sport) to other companies in the Group, and intercompany trading between companies in different segments.

Operating Segments

Information regarding the Group's operating segments for the 26 weeks to 2 August 2014 is reported below:

Income statement

	Sport £000	Fashion £000	Outdoor £000	Unallocated £000	Total £000
Gross revenue	577,379	83,404	61,530	-	722,313
Intersegment revenue	(551)	(312)	-	-	(863)
Revenue	576,828	83,092	61,530	-	721,450
Operating profit / (loss) before exceptional items	34,834	(8,226)	(5,611)	-	20,997
Exceptional items	(1,182)	(1,952)	(406)	-	(3,540)
Operating profit / (loss)	33,652	(10,178)	(6,017)	-	17,457
Financial income					389
Financial expenses					(1,392)
Profit before tax					16,454
Income tax expense					(3,799)
Profit for the period					12,655

Total assets and liabilities

	Sport £000	Fashion £000	Outdoor £000	Unallocated £000	Eliminations £000	Total £000
Total assets	661,604	80,849	85,792	-	(144,399)	683,846
Total liabilities	(259,530)	(92,202)	(114,180)	(86,683)	144,399	(408,196)
Total segment net assets / (liabilities)	**402,074**	**(11,353)**	**(28,388)**	**(86,683)**	**-**	**275,650**

2. Segmental Analysis *(continued)*

The comparative segmental results (restated) for the 26 weeks to 3 August 2013 are as follows:

Income statement

	Sport £000	Fashion £000	Outdoor £000	Unallocated £000	Total £000
Gross revenue	452,431	73,030	43,072	-	568,533
Intersegment revenue	(667)	(496)	-	-	(1,163)
Revenue	451,764	72,534	43,072	-	567,370
Operating profit / (loss) before exceptional items	26,059	(6,796)	(8,871)	-	10,392
Exceptional items	(1,947)	(478)	(1,482)	-	(3,907)
Operating profit / (loss)	24,112	(7,274)	(10,353)	-	6,485
Financial income					292
Financial expenses					(690)
Profit before tax					6,087
Income tax expense					(1,591)
Profit for the period					4,496

Total assets and liabilities

	Sport £000	Fashion £000	Outdoor £000	Unallocated £000	Eliminations £000	Total £000
Total assets	514,063	81,677	55,969	-	(109,586)	542,123
Total liabilities	(209,146)	(84,171)	(80,367)	(32,272)	109,586	(296,370)
Total segment net assets / (liabilities)	**304,917**	**(2,494)**	**(24,398)**	**(32,272)**	**-**	**245,753**

2. Segmental Analysis *(continued)*

Geographical Information

The Group's operations are located in the UK, Republic of Ireland, France, Spain, Holland, Germany, Australia, New Zealand, Canada, Dubai, Singapore and Hong Kong.

The following table provides analysis of the Group's revenue by geographical market, irrespective of the origin of the goods / services.

Revenue

	26 weeks to 2 August 2014 £000	26 weeks to 3 August 2013 £000
UK	**575,266**	466,728
Europe	**137,050**	94,371
Rest of world	**9,134**	6,271
	721,450	567,370

The revenue from any individual country, with the exception of the UK, is not more than 10% of the Group's total revenue.

The following is an analysis of the carrying amount of segmental non-current assets, by the geographical area in which the assets are located:

Non-current assets

	As at 2 August 2014 £000	As at 3 August 2013 £000

UK	**206,867**	184,552
Europe	**78,168**	69,960
Rest of world	**243**	164
	285,278	254,676

3. Exceptional Items

	26 weeks to 2 August 2014 £000	26 weeks to 3 August 2013 £000	52 weeks to 1 February 2014 £000
Loss on disposal of non-current assets (1)	**322**	374	1,017
Impairment of non-current assets (2)	**571**	225	1,942
Onerous lease provision (3)	**2,647**	919	1,087
Reorganisation of the warehouse operations (4)	**-**	189	589
Business restructuring (5)	**-**	2,200	2,675
Selling and distribution expenses - exceptional	**3,540**	3,907	7,310
Impairment of intangible assets (6)	**-**	-	11,839
Administrative expenses - exceptional	**-**	-	11,839
	3,540	3,907	19,149

(1) Relates to the excess of net book value of property, plant and equipment and non-current other assets disposed over proceeds received
(2) Relates to property, plant and equipment and non-current other assets in cash-generating units which are generating a negative cash contribution, where it is considered that this position cannot be recovered
(3) Relates to the net movement in the provision for onerous property leases on trading and non-trading stores
(4) In the prior periods the exceptional items relate to the reorganisation of the warehouse operations consisting of the provision of onerous property leases, redundancy costs and dilapidations at the vacated premises
(5) In the prior periods the exceptional items relate to the restructuring of the Blacks and Champion businesses following acquisition for relocation of the warehouse and head office operations, the closure of Frank Harrison Limited (a subsidiary of Kukri Sports Limited) following the decision to wind down this separate business and the restructuring of the Kooga business following a decision to relocate the previous head office and warehouse
(6) Relates to the impairment in the period to 1 February 2014 of the goodwill arising on the acquisition of Pink Soda Limited (formerly Bank Stores Holdings Limited) in which the trading subsidiary, Bank Fashion Limited, is held

These selling and distribution expenses and administrative expenses are exceptional items as they are, in aggregate, material in size and / or unusual or infrequent in nature.

4. Earnings per Ordinary Share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 2 August 2014 is based on the profit for the period attributable to equity holders of the parent of £12,609,000 (26 weeks to 3 August 2013: £4,957,000; 52 weeks to 1 February 2014: £40,158,000).

An Ordinary Resolution was passed at the Annual General Meeting, effective 30 June 2014, resulting in a share split whereby four Ordinary shares were issued for each Ordinary share. In accordance with IAS 33, the number of shares outstanding before the event has been adjusted for the proportionate change as if the event had occurred at the beginning of the earliest period presented. The weighted average number of ordinary shares outstanding during the 26 weeks to 2 August 2014 of 194,646,632 (26 weeks to 3 August 2013: 194,646,632; 52 weeks to 1 February 2014: 194,646,632) calculated as follows:

	26 weeks to 2 August 2014	26 weeks to 3 August 2013 (restated)	52 weeks to 1 February 2014 (restated)
Issued ordinary shares at beginning and end of period	**194,646,632**	194,646,632	194,646,632

Adjusted basic and diluted earnings per ordinary share

Adjusted basic and diluted earnings per ordinary share have been based on the 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 consider that this gives a more meaningful measure of the underlying performance of the Group.

	26 weeks to 2 August 2014 £000	26 weeks to 3 August 2013 £000 (restated)	52 weeks to 1 February 2014 £000 (restated)
Profit for the period attributable to equity holders of the parent	**12,609**	4,957	40,158
Exceptional items excluding loss on disposal of non-current assets	**3,218**	3,533	18,132
Tax relating to exceptional items	**(743)**	(804)	(1,296)
Profit for the period attributable to equity holders of the parent excluding exceptional items	**15,084**	7,686	56,994
Adjusted basic and diluted earnings per ordinary share	**7.75p**	3.95p	29.28p

5. Acquisitions

Current period acquisitions

Mainline Menswear Limited
On 21 March 2014, the Group acquired 80% of the issued share capital of Mainline Menswear Holdings Limited for an initial cash consideration of £10,842,000. Additional consideration of up to £500,000 is payable after 30 November 2014 only if certain performance criteria are achieved. Management have considered the fair value of the contingent consideration to be £500,000 at the date of acquisition. Mainline Menswear is primarily an online niche retailer of premium branded Men's apparel and footwear.

The provisional goodwill calculation is summarised below:

	Book value £000	Measurement adjustments £000	**Fair value at 2 August 2014 £000**
Acquiree's net assets at acquisition date:			
Intangible assets	-	843	**843**
Property, plant & equipment	52	-	**52**
Inventories	1,519	-	**1,519**
Cash	3,535	-	**3,535**
Trade and other receivables	60	-	**60**
Trade and other payables	(692)	-	**(692)**
Income tax liabilities	(62)	-	**(62)**
Deferred tax liabilities	(10)	(169)	**(179)**
Net identifiable assets	4,402	674	**5,076**
Non-controlling interest (20%)	(880)	(135)	**(1,015)**
Goodwill on acquisition			**7,281**
Consideration paid - satisfied in cash			**10,842**
Contingent consideration			**500**
Total consideration			**11,342**

Mainline Menswear is on course to meet the performance criteria for the maximum contingent consideration to be payable and therefore the full amount has been included in the acquisition accounting.

The intangible asset acquired represents the fair value of the 'Mainline' fascia name. The Board believes that the excess of consideration paid over the provisional fair value of the net identifiable assets of £7,281,000 is best considered as goodwill on acquisition representing employee expertise and anticipated future operating synergies.

Included in the 26 week period to 2 August 2014 is revenue of £2,883,000 and a profit before tax of £747,000 in respect of Mainline Menswear Limited.

5. Acquisitions *(continued)*

Oswald Bailey
On 28 March 2014, the Group acquired, via its 100% owned subsidiary Blacks Outdoor Retail Limited, the trade and assets of 14 stores (and 2 websites) trading as Oswald Bailey for cash consideration of £851,000 which was equal to the fair value of the net identifiable assets acquired. Oswald Bailey is a retailer of outdoor footwear, apparel and equipment.

Included in the 26 week period to 2 August 2014 is revenue of £1,416,000 and a loss before tax of £211,000 in respect of Oswald Bailey.

Ultimate Outdoors
On 3 February 2014, the Group acquired, via its 100% owned subsidiary Blacks Outdoor Retail Limited, 100% of the entire issued share capital of Ultimate Outdoors Limited for cash consideration of £835,000 which was equal to the fair value of the net identifiable assets acquired.

Included in the 26 week period to 2 August 2014 is revenue of £178,000 and a loss before tax of £83,000 in respect of Ultimate Outdoors Limited.

Half Year Impact Of Acquisitions
Had the acquisitions of Mainline Menswear Limited, Oswald Bailey and Ultimate Outdoors Limited been effected at 1 February 2014, the revenue and profit before tax of the Group for the 26 week period to 2 August 2014 would have been £723,136,000 and £16,584,000 respectively.

Prior Period Acquisitions

Cloggs Online Limited
On 13 February 2013, the Group acquired, via its new 88% owned subsidiary Cloggs Online Limited, the trade and assets of Cloggs (UK) Limited ('Cloggs') from its Administrators for a total cash consideration of £579,000 which was equal to the fair value of the net identifiable assets acquired. Cloggs is an online niche retailer of premium branded footwear.

No measurement adjustments have been made to the fair values in the 26 week period ended 2 August 2014.

Setpoint BV
On 1 May 2013, the Group acquired Setpoint RE BV for a cash consideration of £1,280,000 (€1,600,000). Setpoint RE BV was established on 26 April 2013 with its only asset being the leases of 15 stores which were transferred into it on 27 April 2013 from Setpoint BV who were looking to close down their retail operations. Following a refit, 14 of these stores now trade under the JD fascia with one store being handed back to the landlord.

The only asset acquired is the right to the leases, with a fair value of £1,280,000 (€1,600,000). As the acquisition does not constitute a business combination under IFRS 3, the Group has not applied acquisition accounting.

Ark Fashion Limited
On 28 June 2013, the Group acquired, via its new 70% owned subsidiary Ark Fashion Limited, the trade and assets of Rett Retail Limited from its Administrators for a total cash consideration of £1,138,000 which was equal to the fair value of the net identifiable assets acquired. On acquisition, there were nine stores trading as Ark in the North of England and the Midlands with a separate trading website. Since acquisition three of the stores have been closed.

No measurement adjustments have been made to the fair values in the 26 week period ended 2 August 2014.

5. Acquisitions *(continued)*

Isico U.S.A. Sports Eric Isichei & Soehne oHG
On 1 July 2013, the Group acquired, via its new 85% subsidiary JD Sports Fashion Germany GmbH, the trade and assets of Isico U.S.A. Sports Eric Isichei & Soehne oHG ('Isico') for a cash consideration of £800,000 (€1,000,000). On acquisition, Isico had 10 small stores primarily in Berlin but with a presence also in Hamburg, Hannover and Frankfurt. These stores have been rebranded to JD during 2014.

The Board believes that the excess of consideration paid over net identifiable assets of £982,000 is best considered as goodwill on acquisition representing employee expertise.

No measurement adjustments have been made to the fair values in the 26 week period ended 2 August 2014.

ActivInstinct Limited
On 25 October 2013, the Group, via its new 81.2% subsidiary ActivInstinct Holdings Limited acquired the issued share capital of ActivInstinct Limited for a cash consideration of £9,175,000 with a maximum further payment of £4,136,000 payable after 31 August 2014 depending on performance. ActivInstinct is an online multi-sport retailer of premium, technical sporting equipment.

ActivInstinct is on course to meet the performance criteria for the maximum deferred consideration to be payable and therefore the full amount has been included in the acquisition accounting.

Included within the provisional fair value of net identifiable assets on acquisition is an intangible asset of £3,524,000 representing the 'ActivInstinct' fascia name. The Board believes that the excess of consideration paid over the provisional fair value of the net identifiable assets of £6,699,000 is best considered as goodwill on acquisition representing employee expertise.

During the 26 week period ended 2 August 2014 an additional consideration of £82,000 was paid regarding the final settlement of the working capital position.

Tiso Group

On 11 November 2013, the Group acquired 60% of the issued share capital of Tiso Group Limited for a cash contribution of £2,000,000 and have also advanced £5,340,000 to allow it to settle an element of its indebtedness.

Tiso is a highly regarded retailer of Outdoor clothing, footwear and equipment and has four fascias (Tiso, Alpine Bikes, Blues ski and George Fisher). On acquisition, the Group was trading from 17 stores (all in Scotland except for the George Fisher store) along with two trading websites.

Included within the provisional fair value of net identifiable assets on acquisition is an intangible asset of £2,700,000 representing the 'Tiso', 'Alpine Bikes' and 'George Fisher' fascia names. The Board believes that the excess of consideration paid over the provisional fair value of the net identifiable assets of £3,280,000 is best considered as goodwill on acquisition representing employee expertise.

No measurement adjustments have been made to the fair values in the 26 week period ended 2 August 2014.

6. Half Year Report

As indicated in the 2012 Notice of Annual General Meeting, in line with many other listed companies the company will no longer be issuing a hard copy of the half year report. Instead, the Group has decided to make the half year report available via the Company's website.

Accordingly the half year report will be available for downloading from www.jdplc.com from early October 2014. Paper based copies will be available on application to the Company Secretary, JD Sports Fashion Plc, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR.

Disclaimer

This announcement contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of JD Sports Fashion plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

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