

21 September 2011

## JD SPORTS FASHION PLC INTERIM RESULTS FOR THE TWENTY SIX WEEKS TO 30 JULY 2011

JD Sports Fashion Plc (the "Group"), the leading retailer and distributor of sport and athletic inspired fashion apparel and footwear, today announces its Interim Results for the 26 weeks ended 30 July 2011 (comparative figures are shown for the 26 week period ended 31 July 2010).

### Results

	2011 £000	2010 £000	% Change
Revenue	<u>439,768</u>	<u>383,894</u>	+14.6%
Gross profit %	<u>48.0%</u>	<u>48.2%</u>	
Operating profit (before exceptional items)	16,251	18,615	-12.7%
Share of results of joint venture before exceptional items (net of tax)	(102)	687	
Net financial (expenses) / income	<u>(113)</u>	<u>89</u>	
Profit before tax and exceptional items	16,036	19,391	-17.3%
Exceptional items (see note 3)	2,866	(2,754)	
Share of exceptional items of joint venture (net of tax) (a)	<u>1,170</u>	<u>-</u>	
Profit before tax	20,072	16,637	+20.6%
Income tax expense	<u>(5,539)</u>	<u>(4,909)</u>	
Profit after tax	<u>14,533</u>	<u>11,728</u>	+23.9%
Basic earnings per ordinary share	28.51p	24.14p	+18.1%
Interim dividend payable per ordinary share	4.10p	3.80p	+7.9%
Net cash at end of period (see note 7) (b)	19,151	34,462	

(a) The share of exceptional items of joint venture in the 26 week period to 30 July 2011 relate to the reversal of the impairment of the investment held by Focus Brands Limited in Focus Group Holdings Limited, following repayment of original purchase consideration by the vendors of Focus Group Holdings Limited.

(b) Net cash consists of cash and cash equivalents together with other borrowings from bank loans, other loans and finance leases.

### Highlights

- Total Group revenue increased by 14.6% to £439.8 million (2010: £383.9 million) of which £35.1 million came from businesses not wholly owned in both six month periods
- Profit before taxation increased by 20.6% to £20.1 million (2010: £16.6 million)
- Underlying group profit before tax and exceptionals declined from £19.4 million to £16.0 million in line with the Board's expectations at the time of the preliminary announcement of results for the last financial year in April
- Net cash at 30 July 2011 was £19.2 million (31 July 2010: £34.5 million) after net cash investment of £12.4 million on the new warehouse site in Rochdale (2010: £1.3 million) and £22.2 million of net investments and repayments of debt associated with acquisitions (2010: £1.2 million) in the six month period
- Interim dividend increased by 7.9% to 4.1p (2010: 3.8p)
- Acquisitions in Ireland (Champion Sports) and Spain (Sprinter) have continued the international expansion of the Sports Retail concepts
- The gross margin performance is pleasing in the light of all the pressures impacting on gross margin at the start of the year. Sales, gross margin performance and underlying profit of the three business sectors are tabulated below:

<b>Period to 30 July 2011</b>	<b>Sport Retail £000</b>	<b>Fashion Retail £000</b>	<b>Distribution £000</b>	<b>Total £000</b>
Gross revenue	<u>322,780</u>	<u>59,546</u>	<u>60,461</u>	<u>442,787</u>
Intersegment revenue				<u>(3,019)</u>
Revenue				<u>439,768</u>
Gross margin %	<u>49.5%</u>	<u>48.0%</u>	<u>37.4%</u>	<u>48.0%</u>
Operating profit / (loss) before exceptional items	<u>20,196</u>	<u>(3,397)</u>	<u>(548)</u>	<u>16,251</u>
<b>Period to 31 July 2010</b>	<b>Sport Retail £000</b>	<b>Fashion Retail £000</b>	<b>Distribution £000</b>	<b>Total £000</b>
Gross revenue	<u>297,331</u>	<u>51,213</u>	<u>37,382</u>	<u>385,926</u>
Intersegment revenue				<u>(2,032)</u>
Revenue				<u>383,894</u>
Gross margin %	<u>49.3%</u>	<u>48.6%</u>	<u>36.7%</u>	<u>48.2%</u>
Operating profit / (loss) before exceptional items	<u>21,568</u>	<u>(2,002)</u>	<u>(951)</u>	<u>18,615</u>

- Overall gross LFL sales for the 26 week period in the UK and Ireland combined core retail segments increased by 0.8% but on a net basis fell by 0.9%:

	<b>Sport</b>	<b>Fashion</b>	<b>Combined Core UK &amp; Ireland</b>
Gross Sales (Incl VAT)	-0.1%	+5.3%	+0.8%
Net Sales	-1.6%	+3.0%	-0.9%

- Like for like sales for the seven weeks to 17 September were:

	<b>Sport</b>	<b>Fashion</b>	<b>Combined Core UK &amp; Ireland</b>
Gross Sales (Incl VAT)	+2.5%	+7.4%	+3.3%
Net Sales	+1.0%	+5.0%	+1.6%

Peter Cowgill, Executive Chairman, said:

"It is pleasing to report that Group profit before tax rose by 20.6% to £20.1 million (2010: £16.6 million). Our continual focus on exploiting all avenues of revenue growth and margin protection has enabled us to deliver a level of profit that represents a platform for meeting expectations for the full year, although trading conditions remain tough.

"Trading since the period end has continued to improve with gross like for like sales for the core UK and Ireland retail fascias in the seven week period to 17 September up by 3.3% (+2.5% Sports Fascias; +7.4% Fashion Fascias). Excluding the impact of VAT, the net revenues have increased in this period by 1.6% (+1.0% Sports Fascias; +5.0% Fashion Fascias). The result for the full year remains very dependent on the sales and margin

performance in December and January and we will issue an Interim Management Statement on the third quarter in November.

"We continue to look for appropriate acquisition opportunities which can deliver additional sources of future earnings growth principally in overseas Sports Retail but also to compliment our core retail fascias.

"The Board again believes that the Group is well positioned for future growth across its markets and trading is in line with its expectations."

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## Executive Chairman's Statement

### Introduction

In my statement on the results for the period to 29 January 2011, which I made in April, I referred to the adverse impact on the retail environment from both fiscal changes and multiple macro economic pressures. These influences have had the expected impact on the retail businesses in the first half of the year. However, our continual focus on exploiting all avenues of revenue growth and margin protection has enabled us to deliver a level of profit that represents a platform for meeting expectations for the full year, although trading conditions remain tough.

The 26 week period to 30 July 2011 saw a gross like for like sales improvement in the core UK and Ireland Retail Fascias of +0.8% (-0.1% Sports Fascias; +5.3% Fashion Fascias). However, after taking into account the impact of the increase in VAT to 20%, net sales have declined by 0.9% (-1.6% Sports Fascias; +3.0% Fashion Fascias).

Gross margins have declined slightly to 48.0% (2010: 48.2%) although this is due to the higher proportion of total sales generated by the lower margin distribution segment of the business rather than a decline in overall retail margins. This has been an excellent performance given the current pressures on margin but, looking forward, we still have tough margin comparatives in the second half of the year.

The period end net cash was £19.2 million (2010: £34.5 million). This represents a reduction of £67.0 million compared to the year end position at January (2010: reduction of £26.0 million). However, included within the outflow of cash in the current period is £22.2 million for the net cost of investments and repayments of debt associated with acquisitions (2010: £1.2 million). We have also incurred £26.1 million (2010: £16.1 million) on capital expenditure which includes £12.4 million of investment on the new warehouse site in Rochdale (2010: £1.3 million). The remainder of the movement represents more normal cash flows, including the impact of seasonal working capital movements.

### Acquisitions

We continue to look for appropriate acquisition opportunities which can deliver additional sources of future earnings growth principally in overseas Sports Retail but also to compliment our core retail fascias.

We have expanded further in mainland Europe through our acquisition during the period of 50.1% of the Sprinter business in Spain. Sprinter's experienced management team and established infrastructure provides the JD fascia with the opportunity to expand both its European retail presence and the distribution of its own and licensed brands. It is our intention that the Sprinter store chain will continue to grow and a joint venture has been established between Sprinter and JD (in which JD will have an effective shareholding of 65%) to rollout JD as a more fashion oriented retail fascia in Spain, emulating the UK format. We anticipate that the first JD stores in Spain will open in Spring 2012.

We have also enhanced our previously limited position in the Republic of Ireland through the acquisition of 100% of the Champion Sports business. We are working with the Champion management team on their legacy profitability issues in a difficult retail market in Ireland.

The acquisition of 8 Cecil Gee stores, from Moss Bros Group plc, provides the Group with the opportunity to develop a premium fashion fascia which will continue to stock brands unavailable to the Group's existing fascias. We believe that by applying our established merchandising and buying skills and disciplines it will have the opportunity to become a profitable standalone entity. We are currently working on a proposition which would involve re-launching these stores under a new style in Spring 2012.

The acquisition of the Fenchurch and Peter Werth brands together with the agreement for exclusive licences in the UK and Ireland for Fila and Diadora, is a further demonstration of our commitment to developing a unique product offering to our Retail consumers.

Elsewhere, in the Distribution segment, we have further increased our general teamwear offering through the acquisition of 80% of the Kukri business and have increased our shareholding in the Focus business by 31% to 80% making it a subsidiary for the first time.

### Sports Fascias

The Sports Fascias are JD, Size?, Chausport, Sprinter and Champion Sports.

The Sports Fascias' total revenue (after elimination of inter-group sales) increased by 9.0% during the period to £322.7 million (2010: £296.2 million) although like for like sales for the period in the core UK and Ireland sports fascia stores were down by 1.6% (2010: +3.9%) which represents a significant improvement from the position announced in the Interim Management Statement in June when the like for like performance after 18 weeks was -3.0%. Chausport had a satisfactory half year with LFL sales up by 4.9% (2010: 10.5%) which is pleasing given the strong comparative of the

prior year. The newly acquired Champion and Sprinter businesses contributed turnover of £13.4 million (4 months) and £6.5 million (1 month) respectively.

Gross margin achieved in the Sports Fascias has improved marginally to 49.5% helped by improved margins in France primarily from the JD stores where the premium product being sold can command higher price points. This is a robust performance in current economic conditions.

Overall, operating profits (before exceptional items) in the Sports Fascias reduced from £21.6 million to £20.2 million. Within this, following the like for like sales decline in the core UK and Ireland business, operating profit in JD reduced by £1.5 million to £20.5 million (2010: £22.0 million). The continued progress in Chausport combined with the encouraging start to JD in France saw first half operating losses in France reduce from £(0.4) million to £(0.1) million. On a combined basis, the newly acquired Champion and Sprinter businesses contributed a net operating loss of £(0.2) million.

We continue to invest heavily in JD, Size? and the new businesses. The returns to date from investing in the existing fascias whether that be from refurbishment, relocations or new locations mean that we will continue our investment programme. We have completed 12 new stores in the period and 3 refurbishments (including one upsizing of space from taking a neighbouring unit) in the UK Sports Fascia stores.

We are cautiously pleased with the development of the JD stores in France with the new locations at Lyon and Evry both performing ahead of our initial expectations. The converted store in Lille is performing over 50% ahead of its historic performance as a Chausport. The performance to date of these three stores has given us the confidence to look at further new stores and conversions. Before the end of the year, we anticipate opening a new store in Marseille and converting at least one more Chausport to the JD fascia. We have also engaged new property agents in France to identify opportunities for further JD stores. Elsewhere in France, we have opened one new Chausport store and completed two refurbishments.

The initial performance of JD in France has also given us the confidence to look at additional European territories. As with France, our preferred model is to work with a local business which has knowledge of relevant retail locations in its territory and has an existing distribution network which we can access. We are currently working with the Sprinter management team on this basis with a view to opening JD stores in Spain in early to mid 2012. We will focus the initial openings on the major metropolitan areas. The Sprinter team will also continue to develop the existing Sprinter business, which is currently largely based in the South and East of Spain.

Champion Sports is still experiencing difficult trading conditions with the Irish economy not yet showing any recovery momentum. We do not believe that Champion will deliver a significant operating profit until we see economic improvement in the Republic of Ireland although there is a plan in place to enhance operating margins.

#### **Fashion Fascias**

The Fashion Fascias are Bank, Scotts and the recently acquired Cecil Gee.

The Fashion Fascias' total revenue increased by 16.3% during the period to £59.5 million (2010: £51.2 million) which includes £1.2 million from the Cecil Gee stores (1 month). Like for like sales for the period were up by 3.0% (2010: -3.8%) being Bank +5.9% (2010: -3.7%) and Scotts -4.5% (2010: -4.0%). As with the Sports Fascias, the performance after 26 weeks represents a significant improvement from the position announced in the Interim Management Statement in June when the like for like performance after 18 weeks was -1.6% (Bank -0.4% and Scotts -4.8%).

Gross margin achieved in the Fashion Fascias has reduced from 48.6% to 48.0% which we attribute to current market conditions.

We have continued our investment in the Bank fascia stores with 6 new stores opened in the period. These openings included a store in Belfast which is Bank's first store in Northern Ireland. We have also invested in additional resource within the Bank commercial teams with particular emphasis on buying and merchandising. We believe this will lead to an enhanced future performance although given the lead times for ordering product the impact will be most evident in future years.

The operating loss (before exceptional items) in the Fashion Fascias has increased to £3.4 million (2010: £2.0 million). Although there was pleasing like for like sales growth in the Bank fascia, the reduced margin and the investment in new stores and additional resource resulted in operating losses increasing by £1.1 million to £3.1 million (2010: £2.0 million). Scotts, which broke even in the first half of 2010, saw a small loss in the current period of £0.1 million. The recently acquired Cecil Gee business delivered a small loss of £0.2 million.

The current performance of the Fashion fascias is more encouraging although it is being boosted currently by significant growth in Bank's ecommerce sales and the performance of these fascias remains more volatile than those in Sports.

#### **Distribution**

The Distribution businesses are now Canterbury, Topgrade, Deakins, Kooga and the recently acquired Kukri and Focus.

The first half operating losses in the Distribution businesses have reduced to £0.5 million (2010: £1.0 million) primarily from an increased profit from Canterbury, where first half profits grew to £0.9 million (2010: £0.5 million) principally from a strong performance in Australia and New Zealand where there was a sales build up in advance of the Rugby World Cup, combined with favourable local exchange rates relative to the US Dollar. Performance in the other parts of Canterbury still needs to improve but we remain excited by brand development prospects.

The operating losses in Topgrade increased to £1.1 million (2010: £0.5 million) with ongoing investment in Get The Label. We are still encouraged by the sales growth in Get The Label with revenues increased by approximately 80% compared to the prior year and we remain optimistic about the long term profitability of this venture. End of line wholesaling sales within Topgrade also increased in the period.

Focus has been accounted for as a subsidiary since March and has contributed revenues of £10.4m and an operating profit of £0.4 million. Focus will continue to concentrate on the design, sourcing and distribution of footwear and apparel both for own brand and under license brands for both group and external customers. Included within Focus's stable of brands going forward is Peter Werth which we acquired in the period for £0.4 million.

The operational processes and disciplines around sponsorship properties in Kooga Rugby have benefitted from a strengthened management team but losses have only slightly reduced.

Deakins has made an encouraging start to the year.

We have now increased our shareholding in Focus Brands Limited to 80% by purchasing an additional 31% shareholding for a maximum consideration of £1.25 million. As such, the results for the period represent one month only with Focus recognised as a subsidiary for the balance of the period.

### Revenue, gross margin and overheads

Total Group revenue increased by 14.6% in the period to £439.8 million (2010: £383.9 million) with a decline of 0.9% on a like for like basis in the net sales in the UK and Ireland retail fascias.

Revenue decreased by 1.6% on a like for like basis in the Sports Fascias but increased by 3.0% in the Fashion Fascias.

Group gross margin decreased in the period from 48.2% to 48.0% reflecting the increased participation of the lower margin distribution businesses.

Non-store retail overheads have risen by more than the rate of inflation as we have built infrastructure to support acquisitions and international growth. This has impacted the results of the Sports Fascias operating segment.

Group operating profit (before exceptional items) for the period was down 12.7% to £16.3 million (2010: £18.6 million) and comprises a Sports  
Fascias profit of £20.2 million (2010: £21.6 million), a Fashion Fascias loss of £3.4 million (2010: loss of £2.0 million) and a Distribution segment  
loss of £0.5 million (2010: loss of £1.0 million).

An exceptional credit of £2.8 million (2010: charge of £2.7 million) arose primarily following a dividend received from the Focus Brands joint venture prior to the Group's acquisition of the enlarged shareholding which has now made Focus a group subsidiary. The dividend received was eliminated against the carrying value of the investment with the excess of £2.7 million recognised as an exceptional credit. Including the exceptional items, Group operating profit rose by £3.2 million to £19.1 million (2010: £15.9 million).

We continue to separate exceptional items as we believe that this better reflects the underlying performance of the business. The exceptional items comprise:

	£m
Dividend received from Focus joint venture	2.7
Gain on disposal of Focus joint venture	0.8
Loss on disposal of non-current assets	(0.7)
	<hr/>
Total	2.8

The gain on the disposal of the Focus joint venture arose from the remeasurement to fair value of the Group's previously held investment in Focus Brands Limited

Group profit before tax in the period ultimately increased by 20.6% to £20.1 million (2010: £16.6 million).

Net cash at 30 July 2011 was £19.2 million (31 July 2010: £34.5 million).

Inventories have increased to £127.7 million at 30 July 2011 from £90.0 million at 31 July 2010. The rise is principally due to stocks of £24.0 million in new and acquired businesses. Elsewhere, stocks have increased in JD from the earlier receipt of own brand stocks, in Bank as the business grows both organically and through new space and Topgrade for the ongoing development of Get The Label. Trade creditors continue to be paid to terms to maximise settlement discounts.

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

[illegible]

At 30 July 11	357	1,154	3	5	72	79	48	686	23	99	503	2,023
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## Fashion Fascias

	Bank		Scotts		Cecil Gee		Total	
	No.	sq ft 000s	No.	sq ft 000s	No.	sq ft 000s	No.	sq ft 000s
At 29 Jan 11	74	210	37	76	-	-	111	286
Acquisitions	-	-	-	-	8	22	8	22
New stores	6	26	-	-	-	-	6	26
Closures	(1)	(3)	-	-	-	-	(1)	(3)
At 30 July 11	79	233	37	76	8	22	124	331

## Impact of Recent Riots

The Group's businesses, particularly JD, were impacted in certain areas by the recent riots. Stock totalling £0.7 million was looted from a total of 16 stores with 6 stores in the London area suffering very significant thefts. Whilst London was impacted more than other areas, we also saw damage to stores in Birmingham, Manchester and Nottingham. This damage could have been significantly worse but for the pre-emptive actions which we took in certain locations to prevent looters accessing the stores. The JD store at Woolwich suffered fire damage in the riots and has not yet reopened. However, all other stores were reopened by Sunday 21 August.

We are currently working with our insurers on the subsequent claim, covering theft of stock, repair costs and business interruption. We do not believe that the riots will have a material adverse impact on the outturn for the current year.

## Dividends and Earnings per Ordinary Share

The Board has decided to pay an interim dividend of 4.10p per ordinary share, which represents an increase of 7.9% over the prior year (2010: 3.80p). The Board still believes that the level of increase in the total dividend for the year should be determined after the year end as the results are so dependent on Christmas trading. Whilst the Board intends to continue with the progressive dividend policy which has seen total dividends rise from 8.50p in the year to 2 February 2008 to 23.00p in the year to 29 January 2011, it also wishes to retain funding flexibility in the business to continue to allow it to make strategic acquisitions and other capital investments which are in the long term interests of the Group.

The dividend will be paid on 6 January 2012 to shareholders on the register as at close of business on 2 December 2011. A scrip dividend alternative will not be offered.

The adjusted basic earnings per ordinary share before exceptional items are 18.78p (2010: 27.29p).

The basic earnings per ordinary share are 28.51p (2010: 24.14p).

## Employees

The Board recognises the skills, talent and dedication of our many colleagues around the World. The Board would like to extend its thanks to all employees and would particularly like to record their appreciation for the efforts of all colleagues who have been caught up in the recent riots. This was a very demanding time but thanks to their determination, we were able to minimise the disruption to the business.

## Current Trading and Outlook

Trading since the period end has continued to improve with gross like for like sales for the core UK and Ireland retail fascias in the seven week period to 17 September up by 3.3% (+2.5% Sports Fascias; +7.4% Fashion Fascias). Excluding the impact of VAT, the net revenues have increased in this period by 1.6% (+1.0% Sports Fascias; +5.0% Fashion Fascias). The result for the full year remains very dependent on the sales and margin performance in December and January and we will issue an Interim Management Statement on the third quarter in November.

Nevertheless, the Board believes that the Group is well positioned for future growth across its markets and trading is in line with its expectations.

Peter Cowgill  
Executive Chairman  
21 September 2011

## Condensed Consolidated Income Statement For the 26 weeks to 30 July 2011

	26 weeks to 30 July 2011	26 weeks to 31 July 2010	52 weeks to 29 January 2011
Note	£000	£000	£000

<b>Revenue</b>		<b>439,768</b>	383,894	883,669
Cost of sales		<b>(228,689)</b>	(198,806)	(446,657)
<b>Gross profit</b>		<b>211,079</b>	185,088	437,012
Selling and distribution expenses - normal		<b>(178,227)</b>	(153,510)	(326,296)
Selling and distribution expenses - exceptional	3	<b>(696)</b>	(2,754)	(3,277)
Selling and distribution expenses		<b>(178,923)</b>	(156,264)	(329,573)
Administrative expenses - normal		<b>(17,913)</b>	(13,892)	(32,966)
Administrative expenses - exceptional	3	<b>3,562</b>	-	(1,007)
Administrative expenses		<b>(14,351)</b>	(13,892)	(33,973)
Other operating income		<b>1,312</b>	929	2,177
<b>Operating profit</b>		<b>19,117</b>	15,861	75,643
Before exceptional items		<b>16,251</b>	18,615	79,927
Exceptional items	3	<b>2,866</b>	(2,754)	(4,284)
<b>Operating profit</b>		<b>19,117</b>	15,861	75,643
Share of results of joint venture before exceptional items (net of income tax)		<b>(102)</b>	687	1,475
Share of exceptional items (net of income tax)		<b>1,170</b>	-	1,348
Share of results of joint venture		<b>1,068</b>	687	2,823
Financial income		<b>323</b>	313	618
Financial expenses		<b>(436)</b>	(224)	(455)
<b>Profit before tax</b>		<b>20,072</b>	16,637	78,629
Income tax expense		<b>(5,539)</b>	(4,909)	(22,762)
<b>Profit for the period</b>		<b>14,533</b>	11,728	55,867
Attributable to equity holders of the parent		<b>13,873</b>	11,745	55,884
Attributable to non controlling interest		<b>660</b>	(17)	(17)
Basic earnings per ordinary share	4	<b>28.51p</b>	24.14p	114.84p
Diluted earnings per ordinary share	4	<b>28.51p</b>	24.14p	114.84p

## Condensed Consolidated Statement of Comprehensive Income

For the 26 weeks to 30 July 2011

	<b>26 weeks to 30 July 2011 £000</b>	26 weeks to 31 July 2010 £000	52 weeks to 29 January 2011 £000
<b>Profit for the period</b>	<b>14,533</b>	11,728	55,867
Other comprehensive income:			
Exchange differences on translation of foreign operations	<b>(1,395)</b>	(619)	95
Total other comprehensive income for the period	<b>(1,395)</b>	(619)	95
<b>Total comprehensive income and expense for the period (net of income tax)</b>	<b>13,138</b>	11,109	55,962
Attributable to equity holders of the parent	<b>12,478</b>	11,126	55,979
Attributable to non controlling interest	<b>660</b>	(17)	(17)

## Condensed Consolidated Statement of Financial Position

As at 30 July 2011

	Note	As at 30 July 2011 £000	As at 31 July 2010 £000	As at 29 January 2011 £000
<b>Assets</b>				
Intangible assets		88,254	51,478	58,315
Property, plant and equipment		108,498	72,444	78,120
Investment property		2,983	4,033	3,000
Other receivables		14,087	12,261	13,047
Equity accounted investment in joint venture		-	1,323	3,458
Deferred tax assets		-	-	125
<b>Total non-current assets</b>		<b>213,822</b>	<b>141,539</b>	<b>156,065</b>
Inventories		127,652	90,022	84,490
Trade and other receivables		58,630	39,638	37,105
Cash and cash equivalents	7	39,076	39,074	90,131
<b>Total current assets</b>		<b>225,358</b>	<b>168,734</b>	<b>211,726</b>
<b>Total assets</b>		<b>439,180</b>	<b>310,273</b>	<b>367,791</b>
<b>Liabilities</b>				
Interest bearing loans and borrowings	7	(17,077)	(3,452)	(2,874)
Trade and other payables		(171,395)	(122,036)	(128,445)
Provisions		(3,189)	(2,918)	(2,591)
Income tax liabilities		(5,427)	(5,321)	(12,370)
<b>Total current liabilities</b>		<b>(197,088)</b>	<b>(133,727)</b>	<b>(146,280)</b>
Interest bearing loans and borrowings	7	(2,848)	(1,160)	(1,117)
Other payables		(31,637)	(23,687)	(28,782)
Provisions		(6,510)	(7,639)	(6,437)
Deferred tax liabilities		(1,879)	(781)	-
<b>Total non-current liabilities</b>		<b>(42,874)</b>	<b>(33,267)</b>	<b>(36,336)</b>
<b>Total liabilities</b>		<b>(239,962)</b>	<b>(166,994)</b>	<b>(182,616)</b>
<b>Total assets less total liabilities</b>		<b>199,218</b>	<b>143,279</b>	<b>185,175</b>
<b>Capital and reserves</b>				
Issued ordinary share capital		2,433	2,433	2,433
Share premium		11,659	11,659	11,659
Retained earnings		176,446	129,306	171,916
Other reserves		(3,313)	(863)	(1,918)
<b>Total equity attributable to equity holders of the parent</b>		<b>187,225</b>	<b>142,535</b>	<b>184,090</b>
Non controlling interest		11,993	744	1,085
<b>Total equity</b>		<b>199,218</b>	<b>143,279</b>	<b>185,175</b>

## Condensed Consolidated Statement of Changes in Equity (continued)

For the 26 weeks to 30 July 2011

	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 29 January 2011	2,433	11,659	171,916	(149)	(1,769)	184,090
Profit for the period	-	-	13,873	-	-	13,873
<u>Other comprehensive income:</u>						
Exchange differences on translation of foreign operations	-	-	-	(1,395)	-	(1,395)



Total other comprehensive income	-	-	-	(1,395)	-	(1,395)
Total comprehensive income for the period	-	-	13,873	(1,395)	-	12,478
Dividends to equity holders	-	-	(9,343)	-	-	(9,343)
Non-controlling interest arising on acquisition	-	-	-	-	-	-
<b>Balance at 30 July 2011</b>	<b>2,433</b>	<b>11,659</b>	<b>176,446</b>	<b>(1,544)</b>	<b>(1,769)</b>	<b>187,225</b>

(continued)	Total Equity Attributable To Equity Holders Of The Parent £000		Non Controlling Interest £000	Total Equity £000
Balance at 29 January 2011		184,090	1,085	185,175
Profit for the period		13,873	660	14,533
<u>Other comprehensive income:</u> Exchange differences on translation of foreign operations		(1,395)	-	(1,395)
Total other comprehensive income		(1,395)	-	(1,395)
Total comprehensive income for the period		12,478	660	13,138
Dividends to equity holders		(9,343)	(140)	(9,483)
Non-controlling interest arising on acquisition		-	10,388	10,388
<b>Balance at 30 July 2011</b>		<b>187,225</b>	<b>11,993</b>	<b>199,218</b>

## Condensed Consolidated Statement of Changes in Equity (continued)

For the 26 weeks to 31 July 2010

	Ordinary Share Capital £000	Share Premium £000	Retained Earnings £000	Foreign Currency Translation Reserve £000	Total Equity Attributable To Equity Holders Of The Parent £000
Balance at 30 January 2010	2,433	11,659	125,341	(244)	139,189
Profit for the period	-	-	11,745	-	11,745
<u>Other comprehensive income:</u> Exchange differences on translation of foreign operations	-	-	-	(619)	(619)
Total other comprehensive income	-	-	-	(619)	(619)
Total comprehensive income for the period	-	-	11,745	(619)	11,126
Dividends to equity holders	-	-	(7,153)	-	(7,153)
Acquisition of non-controlling interest	-	-	(627)	-	(627)
<b>Balance at 31 July 2010</b>	<b>2,433</b>	<b>11,659</b>	<b>129,306</b>	<b>(863)</b>	<b>142,535</b>

(continued)	Total Equity Attributable To Equity Holders Of The Parent £000		Non Controlling Interest £000	Total Equity £000
Balance at 30 January 2010		139,189	1,333	140,522

Profit for the period	11,745	(17)	11,728
<u>Other comprehensive income:</u>			
Exchange differences on translation of foreign operations	(619)	-	(619)
Total other comprehensive income	(619)	-	(619)
Total comprehensive income for the period	11,126	(17)	11,109
Dividends to equity holders	(7,153)	-	(7,153)
Acquisition of non-controlling interest	(627)	(572)	(1,199)
<b>Balance at 31 July 2010</b>	<b>142,535</b>	<b>744</b>	<b>143,279</b>

### Condensed Consolidated Statement of Cash Flows

For the 26 weeks to 30 July 2011

		26 weeks to 30 July 2011 £000	26 weeks to 31 July 2010 £000	52 weeks to 29 January 2011 £000
	Note			
<b>Cash flows from operating activities</b>				
Profit for the period		14,533	11,728	55,867
Share of results of joint venture		(1,068)	(687)	(2,823)
Income tax expense		5,539	4,909	22,762
Financial expenses		436	224	455
Financial income		(323)	(313)	(618)
Depreciation and amortisation of non-current assets		11,092	8,981	20,375
Exchange differences on translation		503	406	(158)
Impairment of investment property		-	-	1,007
Dividend received from joint venture		(2,691)	-	-
Gain on disposal of joint venture	3	(871)	-	-
Loss on disposal of non-current assets	3	696	621	1,440
Increase in inventories		(18,255)	(15,547)	(9,622)
Increase in trade and other receivables		(12,514)	(8,014)	(5,209)
(Decrease) / increase in trade and other payables		(6,397)	(894)	14,676
Interest paid		(436)	(224)	(455)
Income taxes paid		(13,380)	(10,312)	(22,002)
<b>Net cash from operating activities</b>		<b>(23,136)</b>	<b>(9,122)</b>	<b>75,695</b>
<b>Cash flows from investing activities</b>				
Interest received		323	313	618
Proceeds from sale of non-current assets		132	1,070	1,082
Disposal costs of non-current assets		(282)	(15)	(491)
Acquisition of intangible assets		(1,500)	(1,910)	(9,560)
Acquisition of property, plant and equipment		(25,722)	(14,643)	(30,855)
Acquisition of non-current other receivables		(340)	(1,420)	(2,114)
Cash consideration of acquisitions		(20,134)	-	-
Cash acquired with acquisitions		17,988	-	-
Overdrafts acquired with acquisitions		(3,326)	-	-
Dividend received from joint venture		7,217	-	-
Loan repayments received from joint venture		-	923	923
<b>Net cash used in investing activities</b>		<b>(25,644)</b>	<b>(15,682)</b>	<b>(40,397)</b>

### Condensed Consolidated Statement of Cash Flows (continued)

For the 26 weeks to 30 July 2011

		26 weeks to 30 July 2011 £000	26 weeks to 31 July 2010 £000	52 weeks to 29 January 2011 £000
	Note			
<b>Cash flows from financing activities</b>				
Repayment of interest bearing loans and borrowings	7	(16,149)	(199)	(310)
Repayment of finance lease liabilities	7	(720)	-	-
Draw down of syndicated bank facility	7	13,000	-	-
Acquisition of non controlling interest		-	(1,200)	(1,200)
Sale of subsidiary shares to non controlling interest		-	1	662
Equity dividends paid		-	-	(9,002)
Dividends paid to non-controlling interest in subsidiaries		(140)	-	-
<b>Net cash used in financing activities</b>		<b>(4,009)</b>	<b>(1,398)</b>	<b>(9,850)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	7	<b>(52,789)</b>	<b>(26,202)</b>	<b>25,448</b>
<b>Cash and cash equivalents at the beginning of the period</b>	7	<b>87,545</b>	<b>62,097</b>	<b>62,097</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>34,756</b>	<b>35,895</b>	<b>87,545</b>

## 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 30 July 2011 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 Services Authority and was authorised for issue by the Board of Directors on 21 September 2011.

The half-year financial report is prepared in accordance with the EU endorsed standard IAS 34 'Interim Financial Reporting'. The comparative figures for the 52 week period to 29 January 2011 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 30 July 2011 and 31 July 2010 is unaudited.

As required by the Disclosure and Transparency Rules of the UK's Financial Services 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 29 January 2011.

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:

- Amendments to IAS 32 'Financial Instruments: Presentation' (Classification of rights issues)
- Revised IAS 24 'Related Party Disclosure'
- Amendments to IAS 34 'Interim Financial Statements'

### 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 29 January 2011.

### Going concern

The Board has considered the risks and uncertainties for the remaining 26 week period to 28 January 2012 and determined that the risks presented in the Annual Report and Accounts 2011, noted below, remain relevant:

#### Retail specific

- Damage to reputation of brands

- Retail property factors
- Consolidation of warehouse operations
- Seasonality of sales
- Reliance on legacy IT systems

#### *Distribution specific*

- Credit risk in distribution businesses;

#### *All businesses*

- Economic factors
- Reliance on non-UK manufacturers
- Protection of intellectual property
- Retention of key personnel
- Treasury risks from movement in interest rates and currency exposures

A major variable, and therefore risk, to the Group's financial performance for the balance 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.

As at 30 July 2011, the Group had net cash balances (cash net of debt) of £19,151,000 with available committed borrowing facilities of £75,000,000 of which £13,000,000 had been drawn down (see note 7). As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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. The Group's reportable segments under IFRS 8 are therefore as follows:

- Sport retail - includes the results of the sport retail trading companies JD Sports Fashion Plc, John David Sports Fashion (Ireland) Limited, Chausport SA, Champion Sports (Holdings), JD Sprinter Holdings 2010 SL and Duffer of St George Limited
- Fashion retail - includes the results of the fashion retail trading companies Bank Fashion Limited, RD Scott Limited and Premium Fashion Limited
- Distribution businesses - includes the results of the distribution companies Topgrade Sportswear Limited, Nicholas Deakins Limited, Canterbury Limited (including global subsidiary companies), Kooga Rugby Limited, Nanny State Limited, Focus Brands Limited and Kukri Sports Limited (including global 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 retail' 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 products and customers is not appropriate.

Intersegment transactions are undertaken in the ordinary course of business on arms length terms.

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. The share of results of joint venture is presented as unallocated in the following tables, as this entity has trading relationships with companies in all of the three segments. An asset of £nil (2010: £1,323,000) for the equity accounted investment in joint venture is included within the unallocated segment. The exceptional credits pertaining to the dividend received from joint venture (£2,691,000) and gain on disposal of joint venture (£871,000) (see note 3) are included within the unallocated segment. Draw downs from the Group's syndicated borrowing facility of £13,000,000 (2010: £nil) and liabilities for taxation of £7,306,000 (2010: £6,102,000) are also treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group.

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 retail) 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 30 July 2011 is reported below:

#### **Income statement**

	Sport Retail £000	Fashion Retail £000	Distribution £000	Unallocated £000	Total £000
Gross revenue	322,780	59,546	60,461	-	442,787
Intersegment revenue	(37)	(30)	(2,952)	-	(3,019)

Revenue	322,743	59,516	57,509	-	439,768	
Operating profit / (loss) before exceptional items	20,196	(3,397)	(548)	-	16,251	
Exceptional items	(446)	(220)	(30)	3,562	2,866	
Operating profit / (loss)	19,750	(3,617)	(578)	3,562	19,117	
Share of results of joint venture					1,068	
Financial income					323	
Financial expenses					(436)	
Profit before tax					20,072	
Income tax expense					(5,539)	
Profit for the period					14,533	
<b>Total assets and liabilities</b>						
	Sport Retail £000	Fashion Retail £000	Distribution £000	Unallocated £000	Eliminations £000	Total £000
Total assets	379,682	64,073	71,573	-	(76,148)	439,180
Total liabilities	(162,221)	(62,360)	(71,223)	(20,306)	76,148	(239,962)
<b>Total segment net assets / (liabilities)</b>	<b>217,461</b>	<b>1,713</b>	<b>350</b>	<b>(20,306)</b>	<b>-</b>	<b>199,218</b>

The Board believes that the losses experienced in the fashion and distribution segments at the half year are due to the seasonality of the businesses and are comfortable with the carrying value of the assets of these segments at this point in time.

The comparative segmental results for the 26 weeks to 31 July 2010 are as follows:

#### Income statement

	Sport Retail £000	Fashion Retail £000	Distribution £000	Total £000		
Gross revenue	297,331	51,213	37,382	385,926		
Intersegment revenue	(1,162)	(118)	(752)	(2,032)		
Revenue	296,169	51,095	36,630	383,894		
Operating profit / (loss) before exceptional items	21,568	(2,002)	(951)	18,615		
Exceptional items	(1,557)	(1,166)	(31)	(2,754)		
Operating profit / (loss)	20,011	(3,168)	(982)	15,861		
Share of results of joint venture				687		
Financial income				313		
Financial expenses				(224)		
Profit before tax				16,637		
Income tax expense				(4,909)		
Profit for the period				11,728		
<b>Total assets and liabilities</b>						
	Sport Retail £000	Fashion Retail £000	Distribution £000	Unallocated £000	Eliminations £000	Total £000
Total assets	270,689	52,158	48,188	1,323	(62,085)	310,273
Total liabilities	(117,989)	(55,735)	(49,253)	(6,102)	62,085	(166,994)
<b>Total segment net assets/ (liabilities)</b>	<b>152,700</b>	<b>(3,577)</b>	<b>(1,065)</b>	<b>(4,779)</b>	<b>-</b>	<b>143,279</b>

## Geographical Information

The Group's operations are located in the UK, Republic of Ireland, France, Australia, New Zealand, United States of America, Canada 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 30 July 2011 £000	26 weeks to 30 July 2010 £000
UK	364,909	342,545
Europe	53,262	26,759
Rest of world	21,597	14,590
	<b>439,768</b>	<b>383,894</b>

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, excluding investments in joint ventures £nil (2010: £1,323,000), by the geographical area in which the assets are located:

### Non-current assets

	As at 30 July 2011 £000	As at 31 July 2010 £000
UK	173,278	126,388
Europe	40,093	13,611
Rest of world	451	217
	<b>213,822</b>	<b>140,216</b>

## 3. Exceptional Items

	26 weeks to 30 July 2011 £000	26 weeks to 31 July 2010 £000	52 weeks to 29 January 2011 £000
Loss on disposal of non-current assets (1)	696	621	1,440
Onerous lease provision (2)	-	2,133	1,837
Selling and distribution expenses - exceptional	696	2,754	3,277
Gain on disposal of joint venture (3)	(871)	-	-
Dividend received from joint venture (4)	(2,691)	-	-
Impairment of investment property (5)	-	-	1,007
Administrative expenses - exceptional	(3,562)	-	1,007
	<b>(2,866)</b>	<b>2,754</b>	<b>4,284</b>

(1) Relates to the excess of net book value of property, plant and equipment and non-current other receivables disposed over proceeds received

(2) Relates to the net movement in the provision for onerous property leases on trading and non trading stores

(3) Relates to the remeasurement to fair value of the Group's previously held investment in Focus Brands Limited (see note 5)

(4) A dividend of £7,217,000 was received from Focus Brands Limited on 15 February 2011 prior to the Group's acquisition of a further 31% of the issued share capital of Focus Brands Limited. The dividend received was eliminated against the carrying value of the Group's equity accounted investment with the excess of £2,691,000 recognised in the Consolidated Income Statement as an exceptional credit

(5) Relates to the impairment in the period to 29 January 2011 of investment property

## 4. Earnings per Ordinary Share

### Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 30 July 2011 is based on the profit for the period attributable to equity holders of the parent of £13,873,000 (26 weeks to 31 July 2010: £11,745,000; 52 weeks to 29 January 2011: £55,884,000) and a weighted average number of ordinary shares outstanding during the 26 weeks to 30 July 2011 of 48,661,658 (26 weeks to 31 July 2010: 48,661,658; 52 weeks to 29 January 2011: 48,661,658) calculated as follows:

	26 weeks to 30 July 2011	26 weeks to 31 July 2010	52 weeks to 29 January 2011
Issued ordinary shares at beginning and end of period	48,661,658	48,661,658	48,661,658

### 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 30 July 2011 £000	26 weeks to 31 July 2010 £000	52 weeks to 29 January 2011 £000
Profit for the period attributable to equity holders of the parent	13,873	11,745	55,884
Exceptional items excluding loss on disposal of non-current assets	(3,562)	2,133	2,844
Tax relating to exceptional items	-	(598)	(514)
Share of exceptional items of joint venture (net of income tax)	(1,170)	-	(1,348)
<b>Profit for the period attributable to equity holders of the parent excluding exceptional items</b>	<b>9,141</b>	<b>13,280</b>	<b>56,866</b>
<b>Adjusted basic and diluted earnings per ordinary share</b>	<b>18.78p</b>	<b>27.29p</b>	<b>116.86p</b>

## 5. Acquisitions

### Current Period Acquisitions

#### Acquisition of Kukri Sports Limited

On 7 February 2011, the Group acquired 80% of the issued share capital of Kukri Sports Limited for a cash consideration of £1. Kukri Sports Limited has a number of subsidiaries around the world, which source and provide bespoke sports teamwear to schools, universities and sports clubs. In addition, Kukri Sports Limited is sole kit supplier to a number of professional sports teams and international associations.

The provisional goodwill calculation is summarised below:

	Book value £000	Fair value adjustments £000	Provisional fair value at 30 July 2011 £000
Acquiree's net liabilities at the acquisition date:			
Intangible assets	-	720	720
Property, plant & equipment	281	-	281
Inventories	749	-	749
Trade and other receivables	1,692	-	1,692
Cash and cash equivalents	128	-	128
Trade and other payables	(4,176)	-	(4,176)
Interest-bearing loans and borrowings	(986)	-	(986)
Deferred tax asset / (liabilities)	8	(180)	(172)
<b>Net identifiable liabilities</b>	<b>(2,304)</b>	<b>540</b>	<b>(1,764)</b>

Non-controlling interest	633	(108)	525
Goodwill on acquisition			1,239
<hr/>			
Consideration paid - satisfied in cash			-

The Group's non-controlling interest arising on acquisition of £525,000 includes indirect ownership within the Kukri group of companies.

The fair value of trade and other receivables is £1,692,000 and includes trade receivables with a fair value of £1,260,000. The gross contractual amount for trade receivables due is £1,309,000 of which £49,000 is expected to be uncollectable.

The Kukri brand has been identified as a separate intangible asset and this amount is included within acquired intangible assets as a brand name. The Board believes that the excess of consideration paid over net identifiable liabilities is best considered as goodwill on acquisition, representing non-contractual customer loyalty and employee expertise.

Included in the 26 week period to 30 July 2011 is revenue of £7,447,000 and a loss before tax of £57,000 in respect of Kukri Sports Limited.

#### Acquisition of additional shares in Focus Brands Limited

On 16 February 2011, the Group acquired a further 31% of the issued share capital of Focus Brands Limited for a cash consideration of £1,000,000, with potential further deferred consideration of £250,000 depending on performance. The Group's original share of 49% was acquired on 3 December 2007. Focus Brands Limited was originally incorporated in order to acquire Focus Group Holdings Limited and its subsidiary companies and was an entity jointly controlled by the Group and the former shareholders of Focus Group Holdings Limited. The additional shares purchased take the Group's holding in Focus Brands Limited to 80%, thereby giving the Group control. Focus Brands Limited is now a subsidiary of the Group rather than a jointly-controlled entity. The increase in Group ownership has resulted in a gain of £871,000 being recognised as an exceptional credit in the Consolidated Income Statement upon remeasurement of the Group's previously held equity interest to fair value.

The provisional goodwill calculation is summarised below:

	Book value £000	Fair value adjustments £000	Provisional fair value at 30 July 2011 £000
Acquiree's net assets at the acquisition date:			
Property, plant & equipment	635	-	635
Inventories	2,744	-	2,744
Trade and other receivables	1,138	-	1,138
Cash and cash equivalents	543	-	543
Trade and other payables	(2,044)	(200)	(2,244)
Interest-bearing loans and borrowings	(16)	-	(16)
Income tax liabilities	(1,080)	56	(1,024)
<hr/>			
Net identifiable assets	1,920	(144)	1,776
<hr/>			
Non-controlling interest	(384)	29	(355)
Goodwill on acquisition			700
Gain on remeasurement of previously held interest in Focus Brands Limited (see note 3)			(871)
<hr/>			
Consideration paid - satisfied in cash			1,000
Deferred consideration			250
<hr/>			
Total consideration			1,250

The fair value of trade and other receivables is £1,138,000 and includes trade receivables with a fair value of £910,000. The gross contractual amount for trade receivables due is £917,000 of which £7,000 is expected to be uncollectable.

The Board believes that the excess of consideration paid over net identifiable assets is best considered as goodwill on acquisition, representing employee expertise and anticipated future operating synergies.

Included in the 26 week period to 30 July 2011 is revenue of £10,355,000 and a profit before tax of £374,000 in respect of Focus Brands Limited.

#### Acquisition of Champion Sports (Holdings)

On 4 April 2011, the Group (via its subsidiaries The John David Group Limited and JD Sports Limited) acquired 100% of the issued share capital of Champion Sports (Holdings) for a cash consideration of £6 (€7) and have also advanced £15,066,000 (€17,100,000) to allow it to settle all of its indebtedness save for a potential maximum £2,203,000 (€2,500,000) of leasing finance.

Champion was founded in 1992 and is one of the leading retailers of sports apparel and footwear in the Republic of Ireland with 22 stores in premium locations in town centres and shopping centres. In addition, Champion has one store in Northern Ireland.

The provisional goodwill calculation is summarised below:

	Fair value	Provisional fair value at
--	------------	------------------------------



	Book value £000	adjustments £000	30 July 2011 £000
Acquiree's net liabilities at the acquisition date:			
Intangible assets	-	3,400	3,400
Property, plant & equipment	6,384	-	6,384
Inventories	4,560	-	4,560
Trade and other receivables	2,645	-	2,645
Cash and cash equivalents	1,456	-	1,456
Interest-bearing loans and borrowings	(40,818)	23,695	(17,123)
Trade and other payables	(9,660)	-	(9,660)
Provisions	(1,416)	-	(1,416)
Deferred tax liabilities	-	(905)	(905)
<b>Net identifiable liabilities</b>	<b>(36,849)</b>	<b>26,190</b>	<b>(10,659)</b>
<b>Goodwill on acquisition</b>			<b>10,659</b>
<b>Consideration paid - satisfied in cash</b>			<b>-</b>

Fair value adjustments include a reduction of £23,695,000 in interest-bearing loans and borrowings following an agreement with the lender.

The fair value of trade and other receivables is £2,645,000 and includes trade receivables with a fair value of £12,000. The gross contractual amount for trade receivables is £12,000, of which £nil is expected to be uncollectable.

The intangible asset acquired represents the fair value of the 'Champion' fascia name. It is the intention of the Group to trade under the Champion fascia for the foreseeable future. The Board believes that the excess of consideration paid over net identifiable liabilities is best considered as goodwill on acquisition, representing non-contractual customer loyalty, employee expertise and anticipated future operating synergies.

Included in the 26 week period to 30 July 2011 is revenue of £13,360,000 and a loss before tax of £928,000 in respect of Champion Sports Holdings.

#### Acquisition of JD Sprinter Holdings 2010 SL

On 17 June 2011, the Group, via its new 50.1% owned subsidiary JD Sprinter Holdings 2010 SL ('JD Sprinter'), acquired 100% of the trading businesses that make up the Sprinter group of companies in Spain. The remaining 49.9% of the shares in JD Sprinter are owned equally between the Segarra family, who founded Sprinter, and the Bernad family, who have been investors in Sprinter for 15 years. JD have made an investment of £17,536,000 (€20,000,000) into JD Sprinter by way of subscription for its new shares and the Segarra and Bernad families have put the Sprinter companies into JD Sprinter as consideration for their new shares.

Sprinter was founded in 1981 and is one of the leading sports retailers in Spain selling footwear, apparel, accessories and equipment for a wide range of sports as well as some lifestyle casual wear including childrenswear. This offer includes both international sports brands and successful own brands. Sprinter is based in Elche in South East Spain and on acquisition had 47 stores primarily based in Andalucia and Levante.

The provisional goodwill calculation is summarised below:

	Book value £000	Fair value adjustments £000	Provisional fair value at 30 July 2011 £000
Acquiree's net assets at the acquisition date:			
Intangible assets	-	5,055	5,055
Property, plant & equipment	8,192	-	8,192
Non-current other assets	1,035	-	1,035
Inventories	15,426	-	15,426
Trade and other receivables	383	-	383
Cash and cash equivalents	15,861	-	15,861
Interest-bearing loans and borrowings	(3,326)	-	(3,326)
Trade and other payables	(20,330)	-	(20,330)
Provisions	(355)	-	(355)
Deferred tax asset / (liabilities)	735	(1,517)	(782)
<b>Net identifiable assets</b>	<b>17,621</b>	<b>3,538</b>	<b>21,159</b>
<b>Non-controlling interest (49.9%)</b>	<b>(8,793)</b>	<b>(1,765)</b>	<b>(10,558)</b>
<b>Goodwill on acquisition</b>	<b>-</b>	<b>-</b>	<b>6,935</b>
<b>Consideration paid - satisfied in cash</b>	<b>-</b>	<b>-</b>	<b>17,536</b>

The fair value of trade and other receivables is £383,000 and includes trade receivables with a fair value of £87,000. The gross contractual amount for trade receivables is £87,000, of which £nil is expected to be uncollectable.

The intangible asset acquired represents the fair value of the 'Sprinter' fascia name. It is the intention of the Group to trade under the Sprinter fascia for the foreseeable future. The Board believes that the excess of consideration paid over net identifiable assets is best considered as goodwill on acquisition, representing non-contractual customer loyalty, employee expertise and anticipated future operating synergies.

Included in the 26 week period to 30 July 2011 is revenue of £6,528,000 and a profit before tax of £749,000 in respect of JD Sprinter Holdings 2010 SL.

## Premium Fashion Limited

On 18 June 2011, the Group acquired, via its subsidiary Premium Fashion Limited, the trade and assets of 8 stores trading as Cecil Gee along with the Cecil Gee name and inventory from Moss Bros Group Plc for a cash consideration of £1,598,000.

Included in the 26 week period to 30 July 2011 is revenue of £1,159,000 and a loss before tax of £150,000 in respect of Premium Fashion Limited.

## Half year impact of acquisitions

Had the acquisitions of Kukri Sports Limited, Focus Brands Limited, Champion Sports (Holdings) Limited JD Sprinter Holdings 2010 SL and Premium Fashion Limited been effected at 30 January 2011, the revenue and profit before tax of the Group for the 26 week period to 30 July 2011 would have been £478,734,000 and £16,280,000 respectively.

## Prior Period Acquisitions

### Acquisition of non-controlling interest in Topgrade Sportswear Limited

On 21 June 2010, the Group acquired a further 29% of the issued share capital of Topgrade Sportswear Holdings Limited (formerly Hallico 1521 Limited) (the intermediate holding company of Topgrade Sportswear Limited) for a cash consideration of £1,200,000. This takes the Group's holding to 80%. The Group's original share of 51% was acquired on 7 November 2007. Topgrade Sportswear Limited is a distributor and on-line retailer of sports clothing and footwear. As the Group already had control of Topgrade Sportswear Limited, the increase in Group ownership has been accounted for as an equity transaction. No measurement adjustments have been made to the fair values in the 26 week period to 30 July 2011.

## Nanny State Limited

On 4 August 2010, the Group (via its new subsidiary Nanny State Limited) acquired the global rights to the fashion footwear and apparel brand, 'Nanny State', from D.R.I.P Brands Limited (in administration) and D.R. Shoes Limited (in administration) for a cash consideration of £350,000. Inventory with a value of £141,000 and other debtors with a value of £86,000 were also acquired. The book value of the assets acquired is considered to be the fair value. No measurement adjustments have been made to the fair values in the 26 week period to 30 July 2011.

## 6. Interest in Joint Venture

On 3 December 2007, the Group acquired 49% of the issued share capital of Focus Brands Limited for an initial cash consideration of £49,000 together with associated fees of £456,000. Focus Brands Limited was a jointly controlled entity set up for the purposes of acquiring Focus Group Holdings Limited and its subsidiary companies ('Focus Group'). The Focus Group is involved in the design, sourcing and distribution of branded and own brand footwear, apparel and accessories. Focus Brands Limited was jointly controlled with the former shareholders of Focus Group Holdings Limited.

On 16 February 2011, the Group acquired a further 31% of the issued share capital of Focus Brands Limited for a cash consideration of £1,000,000, with potential further deferred consideration of £250,000 depending on performance. As a result there is no further deferred consideration payable on the original transaction. The additional shares purchased since the reporting date take the Group's holding in Focus Brands Limited to 80%, thereby giving the Group control. Focus Brands Limited is now a subsidiary of the Group rather than a jointly-controlled entity.

The results and assets and liabilities of the Focus Group are incorporated in the consolidated financial statements using the equity method of accounting as a joint venture for the period to 16 February 2011. The interest in the joint venture in the Group's Consolidated Statement of Financial Position is based on the share of the net assets, which are as follows:

	As at 30 July 2011 £000	As at 31 July 2010 £000	As at 29 January 2011 £000
Non-current assets	-	460	447
Current assets	-	5,543	5,196
Current liabilities	-	(4,680)	(2,185)
<b>Total net assets</b>	<b>-</b>	<b>1,323</b>	<b>3,458</b>

The Group's share of the revenue generated by the joint venture in the period was £841,000 (July 2010: £8,264,000, January 2011: £15,418,000).

The amount included in the Consolidated Income Statement for the 26 weeks to 30 July 2011 in relation to the joint venture is as follows:

	Before exceptionals £000	Exceptionals £000	After exceptionals £000
Share of result before tax	(143)	1,166	1,023
Tax	41	4	45
<b>Share of result after tax</b>	<b>(102)</b>	<b>1,170</b>	<b>1,068</b>

The exceptional items in the 26 week period to 30 July 2011 relate to a further reversal of the impairment of the investment held by Focus Brands Limited in Focus Group Holdings Limited, following an additional repayment of original purchase consideration by the vendors of Focus Group Holdings Limited.

The comparative amount included in the Consolidated Income Statement for the 26 weeks to 31 July 2010 in relation to the joint venture is as follows:

	Before exceptionals £000	Exceptionals £000	After exceptionals £000
Share of result before tax	954	-	954
Tax	(267)	-	(267)
<b>Share of result after tax</b>	<b>687</b>	<b>-</b>	<b>687</b>

The comparative amount included in the Consolidated Income Statement for the period ended 29 January 2011 in relation to the joint venture is as follows:

	Before exceptionals £000	Exceptionals £000	After exceptionals £000
Share of result before tax	2,102	1,549	3,651
Tax	(627)	(201)	(828)
<b>Share of result after tax</b>	<b>1,475</b>	<b>1,348</b>	<b>2,823</b>

The exceptional items in the 52 week period to 29 January 2011 relate to unrealised gains on foreign exchange contracts and the reversal of the impairment of the investment held by Focus Brands Limited in Focus Group Holdings Limited, following an initial repayment of original purchase consideration by the vendors of Focus Group Holdings Limited.

## 7. Analysis of Net Cash

	At 29 January 2011 £000	On acquisition of subsidiaries £000	Cash flow £000	At 30 July 2011 £000
Cash at bank and in hand	90,131	17,988	(69,043)	<b>39,076</b>
Overdrafts	(2,586)	(3,326)	1,592	<b>(4,320)</b>
<b>Cash and cash equivalents</b>	<b>87,545</b>	<b>14,662</b>	<b>(67,451)</b>	<b>34,756</b>
Interest bearing loans and borrowings:				
Bank loans	(575)	(16,006)	16,149	<b>(432)</b>
Syndicated bank facility	-	-	(13,000)	<b>(13,000)</b>
Finance lease liabilities	-	(2,119)	720	<b>(1,399)</b>
Other loans	(830)	-	56	<b>(774)</b>
	<b>86,140</b>	<b>(3,463)</b>	<b>(63,526)</b>	<b>19,151</b>

## 8. Half Year Report

The half-year report will be posted to all shareholders in mid October. Additional copies are available on application to the Company Secretary, JD Sports Fashion Plc, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR, or can be downloaded from [www.jdplc.com](http://www.jdplc.com).

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