BEST OF THE BEST

ANNUAL REPORT
& ACCOUNTS 2008

the john david group plc

ANNUAL REPORT AND ACCOUNTS 2008

Contents

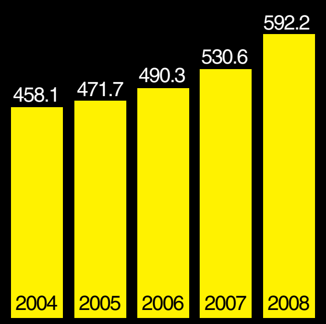
SUMMARY OF KEY PERFORMANCE INDICATORS

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Revenue	592,240	530,581
Gross profit %	49.2%	47.5%
Operating profit (before net financing costs, exceptional items and share of results of joint venture)	44,019	27,301
Profit before tax and exceptional items	43,407	25,066
Exceptional items	(8,404)	(7,799)
Operating profit	35,615	19,502
Profit before tax	35,003	17,267
Basic earnings per ordinary share	48.79p	21.52p
Adjusted basic earnings per ordinary share	57.05p	36.41p
Total dividend payable per ordinary share	8.50p	7.20p
Net cash at end of year	11,752	10,932

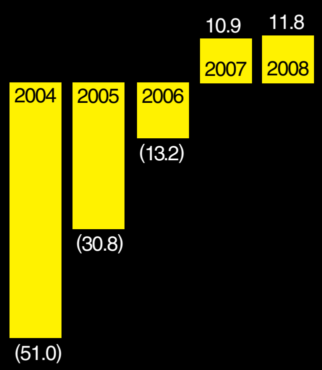
BUSINESS HIGHLIGHTS

- Total revenue increased by 11.6% in the year and by 11.1% on a like for like basis (Sports Fascias 11.3%; Fashion Fascias (excluding Bank) 7.6%)
- Gross margin improved from 47.5% to 49.2%
- Group profit before tax and exceptional items up 73% to £43.4 million (2007: £25.1 million)
- Positive net cash position maintained at £11.7 million (2007: £10.9 million) after acquisitions, investments and associated asset purchases in the year totalling £31.3 million and net capital expenditure of £21.0 million (2007: £5.2 million)
- Exceptional items of £8.4 million from the continuing store portfolio rationalisation

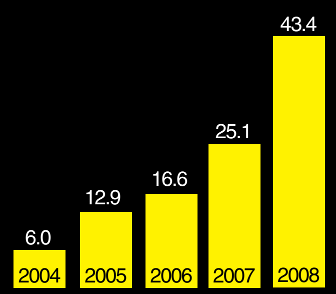
REVENUE (£M)



NET (DEBT)/CASH (£M)



PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS (£M)



CHAIRMAN'S STATEMENT

INTRODUCTION

The 53 weeks ended 02 February 2008 have been a further period of very substantial progress for the Group with excellent organic sales growth and margin enhancement. We have improved our profit before tax and exceptional items by 73% in the year to £43.4 million (2007: £25.1 million). This follows on from a 51% increase last year.

Group profit before tax has increased by 103% in the year to £35.0 million (2007: £17.3 million) and Group profit after tax has increased by 127% to £23.6 million (2007: £10.4 million).

Group operating profit (before exceptional items) for the year was up 61% to £44.0 million (2007: £27.3 million) and comprises a Sports Fascias profit of £45.6 million (2007: £29.7 million) and a Fashion Fascias loss of £1.6 million (2007: loss of £2.4 million).

ACQUISITIONS

On 07 December 2007 the Group significantly increased the Fashion Fascias store base with the addition of 49 Bank Fashion stores through the acquisition of Bank Stores Holdings Limited ('Bank') for a total cash cost (including fees and repayment of debt) of £18.6 million. Bank made a positive contribution to the operating profit of the Fashion Fascias in the second half of the year of £434,000, helped by Christmas trading.

The Group also made two smaller strategic stake acquisitions in other businesses in the second half. 49% of Focus Brands Limited, a designing, licensing, and sourcing wholesaler, was acquired at a cost of £3.0 million (including fees and loans of £2.5 million made to the business) on 03 December 2007. This deal was part of a package in which the Sergio Tacchini sub-licensed UK brand rights were also acquired directly by JD as well as a freehold property in St Albans which continues to be occupied by Focus at an arm's length rent. The results of Focus for the short post-acquisition period are presented as 'Share of results of joint venture'.

Additionally, on 07 November 2007, 51% of Topgrade Sportswear Limited was acquired for a consideration of £1.2 million (including fees). We took the decision to acquire this wholesaler of end-of-line stock because of its buying strength and trading knowledge, which were considered a foundation for further business development. The results of this business had no material impact on the Group results for the 53 weeks ended 02 February 2008.

SPORTS FASCIAS

The Sports Fascias' turnover increased by 10.5% during the period to £544.4 million (2007: £492.8 million) with like for like sales for the year up 11.3%. Gross margin rose to 49.9% (2007: 47.6%) as a result of continuing growth in own brand sales.

The performance of our principal Sports Fascias, JD and Size, has been very strong during the last year as a result of the current management team's consistent strategy over the last four years of eliminating under performing stores, improving gross margins and reducing terminal stocks. The performance of the buying, merchandising and own brand departments has been excellent.

In addition, the Group has conducted an ambitious programme of store development with 13 new store openings and 28 store refurbishments. This programme will continue through most of 2008 and represents the most substantial refurbishment programme the Group has ever undertaken. These store refurbishments often result in full store closures for a number of weeks but we expect this to be justified by the subsequent performance. We have also made our most significant investment to date in merchandising systems and training during the year.

FASHION FASCIAS

The Fashion Fascias now have two separately managed young branded fashion businesses trading as Scotts and Bank.

The Scotts Fascia rationalisation has continued throughout the past year with under performing stores continuing to be eliminated and the remaining ATH- and AV stores being converted to the Scotts Fascia. There is now only one ATH- store remaining in the 38 store portfolio. The Open Fascia no longer trades following the disposal of Glasgow Open in September 2007.

In spite of a positive like for like sales performance in Scotts of 7.6% for the year, turnover for this business declined to £34.5 million (2007: £37.7 million) as a result of the store disposal programme. Six under performing stores were closed in the year. Losses were borne in most of these stores before they were disposed of, meaning that the results suffered from the early year losses, and did not benefit from the normal anticipated Christmas trading period profit in the year. Gross margin declined to 44.0% (2007: 46.3%), principally as a result of a clearance of stock following both the closure of Glasgow Open and a substantial change in the management team mid year. Like for like sales and margin performance have been encouraging so far this year.

Last year we noted that the young branded fashion sector remained competitive and that we believed the Fashion Fascias would only deliver profit to the Group when its major property issues were resolved. The disposals within Scotts this year represent significant steps towards this goal. We are now very focussed on improving the buying and merchandising decisions to deliver results from this Fascia. The head office of Scotts was transferred to the Group's offices in Bury in April and we believe that this move will further assist this objective.

The acquisition of Bank gives the Group the opportunity to develop our presence in the young aspirational fashion sector and consequently provide a platform for growth through rollout. However, in advance of any rollout, the management team will need to ensure that the store model and brand offer can produce appropriate returns from such expansion. We also expect the head office of Bank to move into the Group's offices in Bury in May 2008.

GROUP PERFORMANCE

Revenue

Total revenue increased by 11.6% in the year to £592.2 million (2007: £530.6 million) as a result of the Group's positive like for like sales performance of 11.1% (excluding the acquired Bank stores), combined with the turnover from the acquisitions made in the year and a full year effect from the ex Hargreaves Airport stores.

Gross margin

We are pleased with the progress made in enhancing Group gross margin from 47.5% to 49.2%. Further progress on gross margin will be much more difficult to achieve because the scope both for stock management improvement and expansion of own brand penetration is now much reduced.

Overheads

Selling and distribution overheads (excluding exceptionals), which include all store costs, have been well contained with an increase of 6% against a sales increase of 12% but normal administrative overheads have increased to £25.8 million from £17.4 million. This latter increase includes provision for £4 million of a £5 million loyalty and retention package for the Executive Chairman, designed to ensure that he stays with the business for at least another two years. £3 million of this was paid in March 2008 and the final two payments of £1 million each will be made in March 2009 and March 2010, 50% of each further payment being dependent on performance. Further details of this and of LTIP schemes which will incentivise retention and performance for the wider executive management team will be published in the Remuneration Report and the Shareholder Circular to be sent to shareholders shortly. The LTIP schemes will require shareholder approval. The administrative overheads also include substantial increases in systems consultancy and merchandising training associated with improvements in merchandise planning and stock management.

Operating profits and results

Operating profit before net financing costs, exceptional items and share of results of joint ventures increased by £16.7 million to £44.0 million (2007: £27.3 million) which represents a 61% increase on last year. Group operating margin (before net financing costs, exceptional items and share of results of joint venture) has therefore increased to 7.4% (2007: 5.1%).

Although exceptional items increased slightly to £8.4 million (2007: £7.8 million), Group operating profit after exceptional items but before share of results of joint ventures and net financing costs rose sharply from £19.5 million to £35.6 million.

The exceptional items comprise:

	£m
Lease variation costs	2.9
Impairment of fixed assets in under performing stores	2.5
Loss on disposal of fixed assets	3.0
Total exceptional charge	**8.4**

The lease variation costs were incurred in negotiating break options in onerous leases for stores in Liverpool, Gateshead Metrocentre and Glasgow Open. The impairment charge is on a further seven Sports stores and seven Fashion stores which are earmarked for disposal if suitable deals can be negotiated.

Debt reduction and working capital

Net financing costs are down from £2.2 million to £0.5 million as a result of continuing core debt reduction.

Year end net cash of £11.7 million represented a £0.8 million improvement on the position at January 2007 (£10.9 million). This net cash balance has been achieved after expenditure on acquisitions, investments and associated asset purchases in the year totalling £31.3 million and net capital expenditure of £21.0 million (2007: £5.2 million). Gross capital expenditure was £19.8 million (2007: £14.1 million) being £18.9 million in the Sports Fascias and £0.9 million in the Fashion Fascias. The capital expenditure in the year included £7.8 million on new stores and £10.2 million on refurbishments. Investment in the store portfolio is likely to increase in the current year with three new Sports Fascias stores already having been opened since the year end.

Excluding the impact from acquisitions, stocks were reduced in the year by a further £0.9 million. The other major element of our working capital that has changed significantly has been trade and other payables within current liabilities which have increased by £21.5 million to £80.4 million. The acquisitions have contributed £13.4 million of this increase. Suppliers continue to be paid to agreed terms and settlement discounts are taken.

STORE PORTFOLIO

We have continued working hard to rationalise our store portfolio and it is pleasing to be reporting further substantial progress this year. We have closed a further 36 under performing stores during the period with three further stores in the Sports Fascias having been closed since the year end. This programme is now much closer to completion although we continue to find that new developments render older locations redundant whether or not we take new stores in those developments.

During the year, store numbers moved as follows:

Sports Fascias	**Units**	**'000 sq ft**
Start of year	362	1,098
New stores	13	45
Closures	(30)	(54)
Close of year	**345**	**1,089**

Fashion Fascias	**Units**	**'000 sq ft**
Start of year	44	117
Acquisition Of Bank Fashion	49	106
Closures	(6)	(32)
Close of year	**87**	**191**

CHAIRMAN'S STATEMENT (CONTINUED)

DIVIDENDS AND EARNINGS PER ORDINARY SHARE

The Board proposes paying a final dividend of 6.00p (2007: 4.80p) bringing the total dividend payable for the year to 8.50p (2007: 7.20p) per ordinary share. The proposed final dividend will be paid on 04 August 2008 to all shareholders on the register at 09 May 2008. The final dividend has been increased by 25% with total dividends payable for the year increased by 18%.

The adjusted earnings per ordinary share before exceptional items were 57.05p (2007: 36.41p).

The basic earnings per ordinary share were 48.79p (2007: 21.52p).

CURRENT TRADING AND OUTLOOK

Given the weather and the timing of Easter, trading since the year end has been encouraging with like for like sales for the Sports Fascias for the 10 weeks ended 12 April 2008 up 4.0%. The Fashion Fascias have also had an encouraging start to the year with like for like sales for the same 10 week period up 4.9%. The Group like for like sales for this 10 week period are therefore up 4.2%.

In the current year, the Group is operating against exceptionally strong comparatives. Additionally, the Focus and Topgrade investments are not expected to produce returns in the next two years, other than of a defensive nature. The Group's recent strong performance with regards to like for like sales and gross margins means that further improvement in these areas is becoming more challenging. Furthermore, despite recent and current performance, the current economic climate and outlook dictates a note of prudence. The Board is therefore cautious about the extent of future growth in earnings.

EMPLOYEES

The Group's excellent results would not have been possible without the support of a dedicated and large workforce for which the Board are very grateful. We are committed to continue increasing training and other support to enhance both their career prospects and our own customer service.

P. A Cowgill

Peter Cowgill
Executive Chairman
15 April 2008

‘This has been a further period of very substantial progress for the Group with excellent organic sales growth and margin enhancement.’

FINANCIAL AND RISK REVIEW

INTRODUCTION
Profit before tax increased substantially in the year from £17.3 million to £35.0 million. This improvement has been achieved through:
• Strong organic sales growth
• Higher gross margin
• Improved store cost ratios aided by the disposal of under performing stores
• A reduction in net financing costs from the continuing reduction in core debt

The Group has maintained its positive net cash position at the year end after acquisitions, investments and associated asset purchases in the year totalling £31.3 million and an increase in gross capital expenditure from £14.1 million to £19.8 million.

TAXATION
The effective rate of tax on profit has decreased from 39.8% to 32.6%. This decrease is principally due to the fact that certain depreciation charges and the impairment of the goodwill in RD Scott Limited within the exceptional items in the prior year did not qualify for any form of tax relief. However, the tax charge remains above the standard rate because of a high rate of disallowable expenditure within the costs of the property rationalisation programme.

EARNINGS PER SHARE
The basic earnings per share have increased from 21.52p to 48.79p. However, we believe that the more appropriate measure of our earnings performance is the adjusted basic earnings per share which excludes the post tax effect of exceptional items except those pertaining to the gain or loss on the disposal of non-current assets. The adjusted basic earnings per share rose by 57% from 36.41p to 57.05p.

NET CASH
The year end net cash position has increased by £0.8 million to £11.7 million after acquisitions, investments and associated asset purchases in the year totalling £31.3 million and an increase of £5.7 million in gross capital expenditure to £19.8 million. The significant improvement in the Group's financial position over the four year period since the current management team came together in early 2004, has enabled the Group to invest in appropriate opportunities, whether they be connected with the current store base or strategic acquisitions.

The net cash position has benefited from the continuing tight controls over stocks. Creditors continue to be paid to terms to maximise settlement discounts with our period end creditor days being 33 (2007: 32).

The improvement in the Group's cash position over the period has enabled it to benefit from lower net financing costs with the net charge in the year reducing from £2.2 million to £0.5 million.

TREASURY FACILITIES
A £70.0 million bank syndicated facility was agreed in October 2006. This facility is entirely revolver based and contains no fixed repayment element. We believe that a revolving facility with monthly drawdowns of debt is best suited to the business given the cyclical nature of the cash flows, particularly with regard to the trading peak at Christmas and the quarterly store rent payments. This facility has been used to fund the acquisitions and other investments in the year with no other facilities put in place. This facility expires in October 2011.

Interest rate hedging has not been put in place on the new facility. We are mindful of the potential volatility in the base rate but, given that we do not drawdown on the facility at certain times of the year, we do not feel that a long term interest rate hedge is necessary. However, we recognise that this position may change and it is one that we review regularly along with the level of our facility requirements.

The Group's principal foreign exchange exposure continues to be on the sourcing of own brand merchandise from the Far East which usually has to be paid for in US Dollars. We set a buying rate at the start of the buying season (typically six to nine months before the product actually starts to appear in the stores) and we then lock into rates at or above this rate through appropriate foreign exchange instruments. Cover is in place for the anticipated stock buys in the current financial year.

RISK FACTORS
Any business undertaking will involve some risk with many risk factors common to any business no matter what sector it operates in. However, the Directors consider that certain key risks and uncertainties are more specific to the Group and the markets in which its businesses operate. An assessment of such factors is set out below:

Damage to Reputation of Brands
The Group is heavily dependent on the brands which it sells being desirable to the customer. As such, we are exposed to events or circumstances which may or may not be under our control which could give rise to liability claims and/or reputational damage.

We work with our suppliers to ensure that the product which we source from them satisfies the increasingly stringent laws and regulations governing issues of health and safety, packaging and labelling, pollution and other environmental factors.

FINANCIAL AND RISK REVIEW (CONTINUED)

Property Developments
The retail landscape has seen significant changes in recent years with a number of new retail developments either already opened or in the pipeline. As such, the Group is exposed where it has committed itself to a long term lease in a location which, as a result of the opening of another retail scheme, is no longer attractive to the customer and so suffers reduced footfall. Wherever possible, we ensure that new leases are taken for a period no longer than 10 years thus our exposure is reduced and our flexibility increased in the event of a competing development.

When the Group is made aware of a new development, a review is performed to establish the possible impact on the existing stores and to consider whether an exit strategy is needed. Where possible we try and work with the relevant landlords to agree a surrender although this is not always possible. Where a surrender is not possible, we seek to either assign the lease to another retailer or attract a sub tenant. In many cases this necessitates the payment of an incentive to the other retailer. Assigning the lease or finding a sub tenant are not without risk because if the other retailer fails then the liability reverts to the main headlease.

Seasonality
The Group's business is highly seasonal. Historically, the Group's most important trading period in terms of sales, profitability and cash flow has been the Christmas season. Lower than expected performance in this period may have an adverse impact on results for the full year which may result in excess inventories which are difficult to liquidate.

DIVIDENDS

A final cash dividend of 6.00p per share is proposed which represents an increase of 25% on the final dividend from the prior year. The dividend for the year is therefore 8.50p which is an increase of 18% on the prior year.

Brian Small
Group Finance Director
15 April 2008

PROPERTY AND STORES REVIEW

The ongoing rationalisation of the property portfolio has resulted in the closure of 36 under performing stores in the period (30 Sports Fascia stores and 6 Fashion Fascia stores) as we continue to drive the efficiency of the store base upwards. A further three Sports Fascia stores have closed in the current period. The rationalisation programme is now much closer to completion although we continue to find that new developments render older locations redundant whether or not we take new stores in those developments.

New stores are taken when suitable opportunities occur with a total of 13 new stores opened in the period (all in the Sports Fascias). Five of the new stores (including two in the Republic of Ireland) were in new locations whilst the other eight stores were replacements and extentions of existing space. The opening of 13 new stores represents a significant increase in investment in the property portfolio compared to previous years and this increased investment in new space is likely to continue in the current year with three new Sports Fascia stores already having been opened.

There has also been an increase in the investment in the existing portfolio with 28 stores being refurbished in the period. These refurbishments included the following major works:
• Major refurbishment at the flagship JD store on Oxford Street in London
• Conversion of two ex Hargreaves Airport stores in Gatwick Airport to JD
• Conversion of five legacy Ath- stores to the Scotts fascia

As with new stores, there is increased investment planned on the existing portfolio and it is likely that we will refit in excess of 40 stores in the current period. This programme of refurbishments represents the most substantial refurbishment programme that the Group has ever undertaken. These store refurbishments often result in full store closures for a number of weeks but we expect this to be justified by the subsequent performance.

The acquisition of Bank Stores Holdings Limited ('Bank') gave the Group a further 49 stores and 106,000 sq ft of retail space. Bank has been included within the performance of our Fashion Division although we plan to maintain Scotts and Bank as two separate fascias. The acquisition of Bank gives the Group the opportunity to develop our presence in the young aspirational fashion sector and consequently provide a platform for growth through rollout. However, in advance of any rollout, the management team will need to ensure that the store model and brand offer can produce appropriate returns from such expansion.

The store portfolio at 02 February 2008 and 27 January 2007 can be analysed as follows:

Sports Fascias	**No. of Stores**		**Retail (000 sq ft)**	
	2008	**2007**	**2008**	**2007**
JD	303	304	1,013	1,001
Size	13	14	19	20
First Sport	12	17	36	44
Nike	7	8	10	13
Other Fascias	10	19	11	20
Total	**345**	**362**	**1,089**	**1,098**

Fashion Fascias	**No. of Stores**		**Retail (000 sq ft)**	
	2008	**2007**	**2008**	**2007**
Bank	47	-	104	-
Scotts	36	34	80	75
Lacoste (i)	3	2	4	3
Ath	1	6	3	16
Other Fascias (ii)	-	2	-	23
Total	**87**	**44**	**191**	**117**

Group Total	**432**	**406**	**1,280**	**1,215**

(i) Includes two stores from the acquisition of Bank
(ii) Included Glasgow Open department store (21,700 sq ft) which was closed in September 2007

CORPORATE AND SOCIAL RESPONSIBILITY

The Group recognises that it has a social responsibility to ensure its business is carried out in a way that ensures high standards of environmental and human behaviour. With the help and co-operation of all employees, the Group endeavours to comply with all relevant laws in order to meet that duty and responsibility wherever it operates. The major contributions of the Group in this respect are detailed below.

EMPLOYMENT

The Group is a large equal opportunities employer and a large training organisation providing direct employment and career development to thousands of people across the UK and Republic of Ireland. The Group employs large numbers of school leavers and university graduates and participates regularly in work experience schemes with schools and colleges across the country.

The Group is committed to promoting policies which are designed to ensure that employees and those who seek to work for the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

The Group gives full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the employment of staff who become disabled and to provide equal opportunities for the career development of disabled employees. It is also the Group's policy to provide opportunities for the large number of people seeking flexible or part-time hours.

The number and geographical dispersion of the Group's operating locations make it difficult, but essential, to communicate effectively with employees. Communication with retail staff is primarily achieved through the management in the regional and area operational structures although we have introduced regular newsletters and intranet updates for staff in the last year. Formal communications informing all employees of the performance of the Group are issued on a regular basis by the Group's Human Resources Department in the form of 'Team Briefs'.

HEALTH AND SAFETY

The Group acknowledges that it has a responsibility to provide a safe and healthy environment for all its employees, customers, contractors and other visitors. The Group therefore employs a dedicated Health and Safety Officer who co-ordinates all training in this area, carries out risk assessments and ensures that safe working practices and equipment are used throughout the Group.

Each retail unit has its own individually prepared health and safety file which is made available to those who need information to assist in maintenance, alterations, construction or demolition work. These individual files document the satisfactory testing of electrical circuits, emergency lighting, fire alarms and gas compliance. Where appropriate, these files also contain the details of any surveys for Asbestos Containing Materials ('ACMs') and whether any baselines have been established for the management of potential ACMs.

ENVIRONMENTAL

The Group recognises the importance of protecting our environment for future generations and is committed to carrying out its activities with due consideration for the environmental impacts of its operations particularly with regards to:

- Ensuring efficient use of energy and other materials
- Minimising waste with recycling wherever possible
- Ensuring compliance with relevant legislation and codes of best practice

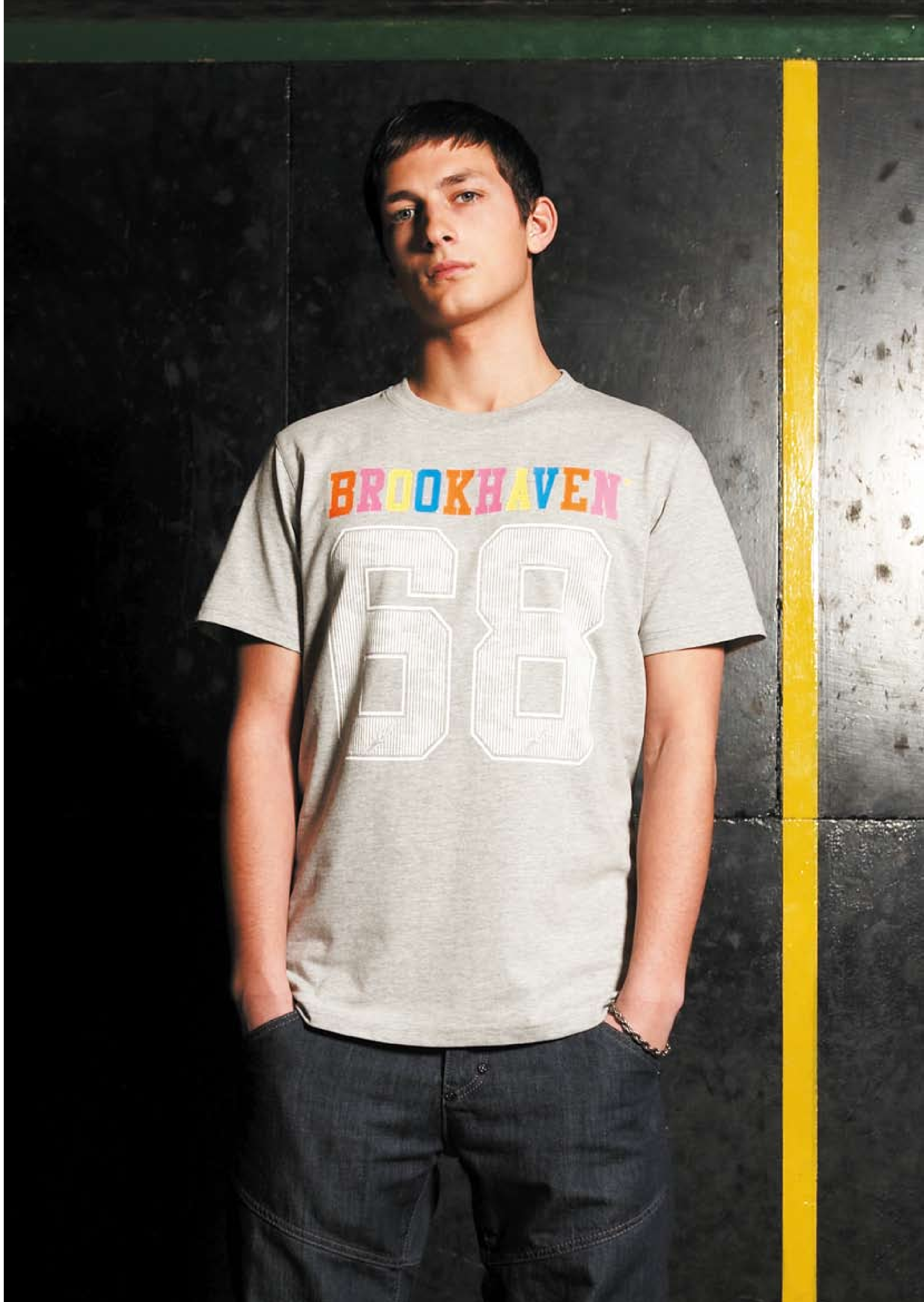
Energy

It is the Group's aim to give customers an enjoyable retail experience with goods presented in an environment that is both well lit and has an ambient temperature. However, the Group accepts that all the businesses within the Group must be responsible in their energy usage and associated carbon emissions.

The Group has now employed a dedicated Energy Manager who is introducing a Carbon Management Programme ('CMP') with the aim of reducing energy usage across the Group. We have also engaged the services of independent qualified consultants from Inenco Group Limited to assist in this process.

This CMP will provide the Group with the necessary base data on CO_2 emissions to enable it to operate effectively in the new emissions trading scheme introduced as part of the statutory Carbon Reduction Commitment ('CRC'). Although the introductory phase of the CRC does not start until January 2010 we are working on this issue now to ensure a smooth transition. The Group is committed to invest the necessary resources in this area with the following works planned for 2008:

- The introduction of smart meters for electricity in at least 150 of the largest energy using stores. Taking into account the fact that we can receive accurate and timely usage data in 60 stores already then this programme of works will mean that this usage data will be available for approximately half of the store base but a higher proportion of the actual cost
- The introduction of Building Management Systems in new store developments and major refurbishments to minimise the usage of energy outside of trading hours



CORPORATE AND SOCIAL RESPONSIBILITY (CONTINUED)

Recycling
Wherever possible, cardboard (the major packaging constituent) is taken back to the distribution centres. The cardboard is then baled and passed to recycling businesses for reprocessing. During the year, the Group increased its recycling of cardboard to 176.6 tonnes (2007: 113.5 tonnes).

The Group also continues to recycle paper wherever possible. This recycling is split into two elements:
- General paper waste is collected by a recycling business with 90.0 tonnes recycled in the year (2007: 89.6 tonnes)
- Confidential paper waste is shredded on collection by a recycling business. This business provides a 'Certificate Of Environmental Accomplishment' which states that the shredded paper, which was collected in the year, was the equivalent of 497 trees

Plastic Bags
Approximately 40% of the bags issued by the Group are high quality drawstring bags which are generally reused by customers many times. However, the Group is aware of the environmental impact from plastic bags and to minimise the effects from the Group's bags we have recently made the following environmentally responsible changes:
- The bags are now made from 33% recycled material
- The bags now contain an oxo-biodegradable additive which means that they degrade totally over a very short life span

In addition, the Group uses paper based bags rather than plastic bags in its stores in the Republic of Ireland.

ETHICAL LABOUR CONSIDERATIONS
The Group seeks to provide its customers with high quality and value merchandise from manufacturers who can demonstrate compliance with internationally accepted good practice in terms of employment and environmental policies.

The Group cares about the labour standards in its global supply chain and expects its suppliers to have similar ethical concerns. The Group's buyers inspect the working conditions wherever possible during their visits to the factories of suppliers and source manufacturers. However, on occasions it is not possible to visit the factories directly and we have to rely on the good faith of our suppliers who, through our own supplier contract, are required to agree to our policy on 'Employment Standards For Suppliers'

GENERAL SOCIAL RESPONSIBILITY
The Group seeks to be involved in the community where it can make an appropriate contribution from its resources and skill base. Examples of this include:
- Sponsorship of the Manchester Versus Cancer concert
- Sponsorship of the 2008 Multiple Sclerosis Society MS Life Conference
- Sponsorship and donations of kit to local junior sports clubs

COMPLIANCE WITH COMPANIES ACT 2006
The Group will report on significant environmental issues in its 2009 Annual Report using appropriate KPIs. There are already appropriate KPIs in the business to report on the recycling of waste. These KPIs will be expanded in the 2009 report by the inclusion of data on energy usage and carbon emissions.

THE BOARD

PETER COWGILL
Executive Chairman and Chairman of the Nominations Committee aged 55

Peter was appointed Executive Chairman in March 2004. He was previously Finance Director of the Group until his resignation in June 2001. Since then he has been a partner in Cowgill Holloway Chartered Accountants. He is a Non-Executive Director of a number of private companies and Non-Executive Chairman of United Carpets Plc and Air Music & Media Group Plc.

BARRY BOWN
Chief Executive aged 47

Barry joined the Board in 2000 and has been with The John David Group Plc since 1984. He held the positions of Head of Retail, Head of Buying and Merchandising and Chief Operating Officer prior to his appointment as Chief Executive in 2000.

BRIAN SMALL
Finance Director aged 51

Brian was appointed Finance Director and Company Secretary in January 2004. Immediately prior to his appointment, he was Operations Finance Director at Intercare Group Plc and has also been Finance Director of a number of other companies. He qualified as a Chartered Accountant with Price Waterhouse in 1981.

COLIN ARCHER
Non-Executive Director, Chairman of Audit and Remuneration Committees and member of the Nominations Committee aged 66

Colin was appointed a Non-Executive Director in November 2001. He has over 40 years experience in the banking and financial arenas, having previously been Assistant Corporate Director with Barclays Bank Plc. He is also a member of the Chartered Institute of Bankers.

CHRIS BIRD
Non-Executive Director, member of Audit, Remuneration and Nominations Committees aged 45

Chris was appointed to the Board in May 2003. He is a marketing specialist with his own public relations and marketing agency. Chris has 20 years media experience in newspapers, commercial radio and sport.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the 53 week period ended 02 February 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group continues to be the retail of sports and leisure wear.

A review of the business, providing a comprehensive analysis of the main trends and factors likely to affect the development, performance and position of the business, including environmental, employee, social and community issues together with the Group's Key Performance Indicators and a description of the principal risks and uncertainties facing the business is detailed on pages 02 to 19 as follows:

- Summary of Key Performance Indicators (page 02)
- Chairman's Statement (pages 04 to 06)
- Financial and Risk Review (pages 10 to 13)
- Property and Stores Review (page 15)
- Corporate and Social Responsibility (pages 16 to 19)

RESULTS

Revenue for the 53 week period ended 02 February 2008 was £592.2 million and profit before tax £35.0 million compared with £530.6 million and £17.3 million respectively in the previous financial year. The Consolidated Income Statement is set out on page 45.

PROPOSED DIVIDEND

The Directors recommend a final dividend of 6.00p per ordinary share (2007: 4.80p), which together with the interim dividend of 2.50p per ordinary share (2007: 2.40p) makes the total dividend payable for the year 8.50p (2007: 7.20p).

If approved at the next Annual General Meeting, the dividend will be paid on 04 August 2008 to shareholders on the register at the close of business on 09 May 2008.

DIRECTORS

The names of the current directors of the Company and their biographical details are given on page 21. Mr B Small and Mr C Bird retire by rotation at the next Annual General Meeting and are eligible for re-election.

STRUCTURE OF SHARE CAPITAL

As at 02 February 2008, the Company's authorised share capital of £3,107,500 comprised 62,150,000 ordinary shares of 5p each.

As at 02 February 2008, the Company's issued share capital of £2,413,171 comprised 48,263,434 ordinary shares of 5p each.

RIGHTS AND OBLIGATIONS OF ORDINARY SHARES

On a show of hands at a general meeting, every holder of ordinary shares present in person or by proxy and entitled to vote, shall have one vote and on a poll, every member present in person or by proxy and entitled to vote, shall have one vote for every ordinary share held. Subject to the relevant statutory provisions, and the Company's Articles of Association, holders of ordinary shares are entitled to a divided where declared or paid out of profits available for such purposes. Subject to the relevant statutory provisions and the Company's Articles of Association, on a return of capital on a winding-up, holders of ordinary shares are entitled to participate in such a return equally in proportion to their shareholding.

RESTRICTIONS ON TRANSFER OF SECURITIES

The restrictions on the transfer of shares in the Company are as follows:

- The Board may, in its absolute discretion, refuse to register any transfer of shares, which are not fully paid up (but not so as to prevent dealings in listed shares from taking place)
- The Board may also refuse to register any transfer of shares unless it is in respect of only one class of share and it is lodged at the place where the register of members is kept, accompanied by a relevant certificate or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer
- The Board may refuse to register an allotment or transfer of shares in favour of more than four persons jointly
- Certain restrictions may from time to time, be imposed by laws and regulations (for example, insider trading laws)
- Restrictions may be imposed pursuant to the Listing Rules of the Financial Services Authority whereby certain of the Group's employees require the Company's approval to deal in shares

The Company is not aware of any arrangement between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

DIRECTORS' INTERESTS

The interests of the Directors who held office at 02 February 2008 and their immediate families in the Company's shares are shown below:

	Ordinary shares of 5p each	
	02 February 2008	27 January 2007
P Cowgill	410,263	380,263
B Bown	5,676	5,676
B Small	13,750	-
C Archer	18,850	8,850
	448,539	394,789

With the exception of the interests in the Company's shares held by B Bown and his immediate family, all of the holdings shown above represent beneficial interests.

There has been no change in Directors' interests since the period-end.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

As at 15 April 2008, the Company has been advised by the following companies of notifiable interests in its ordinary share capital:

	Number of ordinary shares	%
Pentland Group Plc	27,566,256	57.12
Sports World International Ltd	5,930,255	12.29
Aberforth Partners	5,665,173	11.74
AXA Rosenberg	2,011,172	4.17
Legal & General Investment Management	1,559,821	3.23

RESTRICTIONS ON VOTING DEADLINES

The notice of any general meeting shall specify the deadline for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be proposed at the general meeting.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the existing Board. Any director so appointed shall hold office only until the dissolution of the first AGM of the Company following appointment unless they are re-elected during such meeting.

At each AGM of the Company, any director who was elected or last re-elected at or before the AGM held in the third calendar year before the then current calendar year must retire by rotation and such further Directors must retire by rotation so that in total not less than one-third of the Directors retire by rotation each year. A retiring director is eligible for re-election.

The number of directors at any point in time shall not be less than two.

AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Companies Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

At the 2008 AGM, a special resolution will be put to shareholders proposing amendments to the existing Articles of Association primarily to accommodate the provisions of the Companies Act 2006.

POWERS OF THE DIRECTORS

The Directors are responsible for the management of the business of the Company and may exercise all powers of the Company subject to applicable legislation and regulation and the Memorandum and Articles of Association.

A resolution will be put forward at the 2008 AGM to give the Directors authority to buy back ordinary shares up to a maximum of 10% of the total issued ordinary share capital of the Company. Any shares purchased under such authority would be cancelled.

CHANGE OF CONTROL – SIGNIFICANT AGREEMENTS

In the event of a change of control of the Company, the Company and the lenders of the £70.0 million bank syndicated facility shall enter into negotiations to determine how to continue the facility. If no agreement is reached within 20 business days of the date of change in control, the lenders may, by giving not less than 10 business days notice to the Company, cancel the facility and declare all outstanding loans, together with accrued interest and all other amounts accrued, immediately due and payable.

EMPLOYEES

The Group is committed to promote equal opportunities in employment regardless of employees' or potential employees' sex, marital status, creed, colour, race, ethnic origin or disability. This commitment applies in respect of all terms and conditions of employment. Recruitment, promotion and the availability of training are based on the suitability of any applicant and full and fair consideration is always given to disabled persons in such circumstances.

Should an employee become disabled during his or her employment by the Group, every effort is made to continue employment and training within their existing capacity wherever practicable, or failing that, in some alternative suitable capacity.

The Group has continued throughout the year to provide employees with relevant information and to seek their views on matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's performance and of any significant organisational changes.

DONATIONS

During the period the Group made charitable donations of £21,700 (2007: £8,200). No political donations were made in the period (2007: £nil).

DIRECTORS' REPORT (CONTINUED)

CREDITORS PAYMENT POLICY

For all trade creditors, it is the Group's policy to:

- Agree the terms of payment at the start of business with the supplier
- Ensure that suppliers are aware of the terms of payment
- Pay in accordance with its contractual and other legal obligations

The average number of days taken to pay trade creditors by the Group at the period end was 33 (2007: 32).

The Group does not follow any code or statement on payment practice.

AUDITOR

In accordance with Section 384 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditor of the Company.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each person who is a director at the date of approval of this report confirms that:

- So far as he is aware, there is no relevant audit information of which the Company's auditor is unaware
- Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

ANNUAL GENERAL MEETING

Notice of the Annual General Meeting to be held at 1.00pm on 26 June 2008 at Hollinsbrook Way, Pilsworth, Bury, Lancashire BL9 8RR incorporating explanatory notes of the resolutions to be proposed at the meeting is enclosed. A Form of Proxy is also enclosed.

By order of the Board of Directors

B Small
Secretary
15 April 2008

Hollinsbrook Way
Pilsworth, Bury
Lancashire BL9 8RR

CORPORATE GOVERNANCE

The Group recognises the importance of corporate governance and supports the principles of corporate governance set out in Section 1 of the July 2003 FRC Combined Code on Corporate Governance ('the Code').

The Board has adopted core values and group standards which set out the behaviours expected of staff in their dealings with shareholders, customers, colleagues, suppliers and other stakeholders of the Group. One of the core values communicated within the Group is a belief that the highest standard of integrity is essential in business.

The Group has complied throughout the year with the provisions of the Code.

BOARD COMPOSITION, MEETINGS AND COMMITTEES

The Board of Directors carries the ultimate responsibility for the conduct of the business.

The Board consists of two non-executive directors, both of whom are independent under the Code, and three executive directors. Brief profiles of each director and their positions are set out on page 21.

It is the Board's view that all directors are able to bring independent judgement to bear on Board matters and individual directors possess a wide variety of skills and experience. The composition of the Board is kept under review and changes are made when appropriate and in the best interests of the Group. There have been no changes to the membership of the Board since the last Annual Report was published.

Mr C Archer is the recognised senior independent non-executive director. The Board believes that the two non-executives have provided ample guidance to and control over the three executive directors in a demanding period for a small capitalisation listed Group.

None of the Directors have served for more than three years without having been re-elected by the shareholders. The Board held eight Board Meetings in the year including those convened to discuss and sanction the acquisitions in the period and to approve the Annual Report and Accounts. Board papers including reports from the Chief Executive and Group Finance Director as well as reports from the Operations, Property and Loss Control Directors (who are not on the main Board but who attend the meetings as required) are circulated in advance of each meeting.

All of the Directors have access to the Company Secretary and a procedure exists for directors, in the furtherance of their duties, to take independent professional advice if necessary, at the Group's expense.

The three principal Board Committees to which responsibilities are delegated are as follows:

Remuneration Committee

The Remuneration Committee currently comprises the two independent non-executive directors, Mr C Archer (Chairman) and Mr C Bird. The Board sets the terms of reference for the Remuneration Committee.

The Committee's principal duties are to assist the Board in determining the Group's policy on executive directors' remuneration and to determine specific individual remuneration packages for senior executives, including the executive directors, on behalf of the Board. During the process, individual performance is assessed.

The Committee met once during the year.

Halliwell Consulting were retained through the year to advise the Committee on senior remuneration policy.

Audit Committee

The Audit Committee currently comprises the two independent non-executive directors, Mr C Archer (Chairman) and Mr C Bird. The Board sets the terms of reference for the Audit Committee. The Committee's principal duties are to review published financial statements, monitor financial accounting procedures and policies and to review the appointment and fees of the auditor.

The Audit Committee met three times in the year with the Auditor attending each meeting.

In the year the Audit Committee discharged its responsibilities by:

- Reviewing the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's detailed reports thereon
- Reviewing the Group's pre-close Christmas trading update announcement prior to release
- Reviewing the appropriateness of the Group's accounting policies
- Reviewing regularly the potential impact on the Group's financial statements of certain matters such as impairments of fixed asset values and proposed International Accounting Standards
- Reviewing and approving the audit fee and reviewing non-audit fees payable to the Group's external auditor. In reviewing the non-audit fees, the Committee also considers the independence of the external auditor and whether its engagement to supply non-audit services is appropriate
- Reviewing the external auditor's plan for the audit of the Group's financial statements, key risks of misstatement in the financial statements, confirmations of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit

The Audit Committee also monitors the Group's whistle blowing procedures ensuring that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, with suitable subsequent follow-up action. An alternative reporting channel exists whereby perceived wrongdoing may be reported via telephone, anonymously if necessary.

Nomination Committee

The Nomination Committee currently comprises the Chairman and the independent non-executive directors. The Nomination Committee has not been required to meet in the period.

Board And Committee Attendance

The attendance record of individual directors at Board and committee meetings is detailed below:

	Board Meetings	Remuneration Committee	Audit Committee
Number of meetings in year	**8**	**1**	**3**
P Cowgill	8	1	3
B Bown	7	-	-
B Small	8	1	3
C Archer	8	1	3
C Bird	8	1	3

P Cowgill and B Small attended all the committee meetings at the invitation of the non-executive directors.

DIRECTORS' REMUNERATION

The Directors' Report on Remuneration and Related Matters is set out on pages 31 to 38.

DIRECTORS' RESPONSIBILITIES

General

The Board's main roles are to create value to shareholders, to provide entrepreneurial leadership of the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives.

Specific

The specific responsibilities reserved to the Board include:

- Setting Group strategy and approving an annual budget and medium-term projections
- Reviewing operational and financial performance
- Approving major acquisitions, divestments and capital expenditure
- Reviewing the Group's systems of internal control and risk management
- Ensuring that appropriate management development and succession plans are in place
- Reviewing the environmental and health and safety performance of the Group
- Approving appointments to the Board of Directors and of the Company Secretary
- Approving policies relating to directors' remuneration and the severance of directors' contracts
- Ensuring that a satisfactory dialogue takes place with shareholders

INTERNAL CONTROL AND AUDIT

Following publication of 'Internal Control: Guidance for Directors on the Combined Code' (the Turnbull guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place for the year under review and up to the date of approval of the annual report and accounts, and is regularly reviewed by the Board and accords with the Turnbull guidance.

The Directors are responsible for the Group's system of internal controls and monitoring their effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement. The Directors have established an organisation structure with clear operating procedures, lines of responsibility, delegated authority to executive management and a comprehensive financial reporting process. In particular there are clear procedures for the following:

- Identification and monitoring of the business risks facing the Group, with major risks identified and reported to the Audit Committee and the Board
- Capital investment, with detailed appraisal and authorisation procedures
- Prompt preparation of comprehensive monthly management accounts providing relevant, reliable and up-to-date information. These allow for comparison with budget and previous year's results. Significant variances from approved budgets are investigated as appropriate
- Preparation of comprehensive annual profit and cash flow budgets allowing management to monitor business activities and major risks and the progress towards financial objectives in the short and medium term
- Monitoring of store procedures and the reporting and resolution of suspected fraudulent activities
- Reconciliation and checking of all cash and stock balances and investigation of any material differences

The Board has reviewed the effectiveness of internal controls by reviewing reports covering the testing of internal controls. In establishing the system of internal control the Directors have regard to the materiality of relevant risks, the likelihood of a loss being incurred and costs of control. It follows, therefore, that the system of internal control can only provide a reasonable, and not absolute, assurance against the risk of material misstatement or loss.

The scope of internal audit work performed is determined by the Board in conjunction with the Loss Control Director who reports directly to the Board every month. The primary focus has continued to be on security and minimisation of unauthorized losses in the business using a team of appropriately experienced employees.

The Board has decided not to employ a full time internal audit function as there is a robust control environment and culture in the business.
On this basis, the costs of such a function are not considered to be either necessary or justified.

CORPORATE GOVERNANCE (CONTINUED)

The responsibility for internal control procedures with joint ventures rests with the senior management of those operations. The Company monitors its investments and exerts influence through Board representation.

SHAREHOLDER RELATIONS

In fulfilment of the Chairman's obligations under the new Combined Code, the Chairman gives feedback to the Board on issues raised by major shareholders. This is supplemented by twice yearly formal feedback to the Board on meetings between management, analysts and investors which seeks to convey the financial market's perception of the Group.

External brokers' reports on the Group are also circulated to all directors. In addition, the non-executive directors attend results presentations and analyst and institutional investor meetings whenever possible. The Annual General Meeting ('AGM') is normally attended by all directors, and shareholders are invited to ask questions during the meeting and to meet with directors after the formal proceedings have ended. At the AGM the level of proxies lodged on each resolution is announced to the meeting after the show of hands for that resolution.

The Group has frequent discussions with larger shareholders on a range of issues affecting its performance. These include meetings following the announcement of the annual results with the Group's largest shareholders on an individual basis. In addition, the Group responds to individual ad hoc requests for discussions from significant shareholders. The senior independent non-executive director is available to shareholders if they have concerns which the normal channels of Chairman, Chief Executive or Group Finance Director have failed to resolve or for which such contact is inappropriate.

All major shareholders are given the opportunity to meet any new non-executive directors on appointment.

GOING CONCERN

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

DIRECTORS' REPORT ON REMUNERATION AND RELATED MATTERS

This report sets out the remuneration policy operated by the Group in respect of the executive directors, together with disclosures on directors' remuneration required by The Directors' Remuneration Report Regulations 2002 ('the Regulations'). The Auditor is required to report on the 'auditable' part of this Report and to state whether, in their opinion, that part of the Report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The Report is therefore divided into separate sections for audited and unaudited information.

The Board have reviewed the Group's compliance with the Combined Code ('the Code') on remuneration related matters. It is the opinion of the Board that the Group complied with all remuneration related aspects of the Code during the year.

The Report will be put to shareholders for approval at the Annual General Meeting on 26 June 2008.

UNAUDITED INFORMATION

REMUNERATION COMMITTEE

The Remuneration Committee (the 'Committee') comprises both independent Non Executive Directors, being Chris Bird and myself as Chairman of the Committee.

The Committee assists the Board in determining the Group's policy on executive directors' remuneration and determines the specific remuneration packages for senior executives, including the executive directors, on behalf of the Board. When the Committee is considering matters concerning key executives below Board level advice is sought from the executive directors.

The Committee also received wholly independent advice on executive compensation and incentives from Halliwell Consulting during the period. Halliwell Consulting provided no other services to the Company in the period.

The Committee is formally constituted with written Terms of Reference, a copy of which is available to shareholders by writing to the Company Secretary.

The Committee has met once during the last year with each member attending the meeting.

POLICY

The policy of the Committee is to attract, motivate and retain executives of the necessary calibre required to execute the Group's business strategy and enhance shareholder value.

The Committee conducted a full review of its remuneration policy in conjunction with Halliwell Consulting in March 2007. The conclusions from this review were:

- Base salaries should be competitive
- The maximum annual bonus will be 100% of salary based on the achievement of pre-determined profit targets in line with market expectations although the Committee would retain the discretion to pay bonuses above this level for exceptional performance
- A new cash-based long-term incentive arrangement will be put to shareholders for approval to ensure that management are locked in and are appropriately rewarded for creating long-term value going forward. Details of this arrangement will be set out in a shareholder circular for approval at the Annual General Meeting to be held on 26 June 2008

The Committee has also agreed a separate cash-based Special Retention Payment for the Executive Chairman, which has been designed to ensure that he stays with the business for at least another two years. The maximum amount payable under this package is £5 million with payments as follows:

- £3 million was paid in March 2008
- £1 million will be payable in March 2009 and also in March 2010 with each payment based on:
  - 50% for the retention of his services in the preceding financial year
  - 50% for the achievement of pre-determined profit targets in line with market expectations

The Committee recognises that the Executive Chairman has been instrumental in the turnaround in the Group's financial performance since his appointment to the role in March 2004. Accordingly, the Committee believe that it is in the interests of shareholders that his services be retained.

COMPONENTS OF REMUNERATION

The main components of the current remuneration package are:

Base Salary

The policy of the Committee is to set base salaries for the Executive Directors around the median or lower quartile when compared to UK quoted retailers with similar corporate attributes to those of the Group.

Factors taken into account by the Committee when determining base salary levels are:

- Objective research based on a review of the remuneration in comparable retail companies carried out by Halliwell Consulting
- The performance of the individual executive director and their contribution to the performance of the business
- Experience and responsibilities of each executive director
- Pay and conditions throughout the Group

DIRECTORS' REPORT ON REMUNERATION AND RELATED MATTERS
(CONTINUED)

In line with the remuneration policy, the salaries of the Executive Directors are reviewed annually. For the Executive Chairman, the salary reflects his personal contribution to the turnaround and strategic development of the Company and the related time commitment. For the Chief Executive and Finance Director the salary takes into account their performance, the market and continued development in their respective roles.

With effect from 1 April 2008, the salaries for the Executive Directors have been increased as follows:

Executive Director	Previous Salary	New Salary	Position against Comparator Group
Peter Cowgill	£385,000	£398,475	Median
Barry Bown	£275,000	£284,625	Lower Quartile
Brian Small	£170,000	£175,950	Lower Quartile

Whilst these salary rises are below the median level of salary rises at comparable retail companies in the UK, the Committee felt it appropriate that they should be in line with the wider salary rises throughout the Group.

Annual Bonus

The level of payout for annual bonus is now based on the achievement of challenging absolute EPS targets (rather than adjusted EPS) with the bonus calculated (in bands) by reference to the percentage by which the earnings per ordinary share exceeds the earnings per ordinary share for the preceding financial period. The Committee reviews these targets at the beginning of the financial year to ensure that they remain challenging and are appropriate to the current market conditions and position of the Group.

Whilst the normal maximum bonus potential is 100% of salary, the Remuneration Committee retains the discretion to pay bonuses above that level for exceptional performance.

For the period ended 02 February 2008, the Company achieved absolute earnings per ordinary share growth of over 125% which was significantly ahead of market expectations at the start of the year and which, in the opinion of the Remuneration Committee, merited the payment, to all executive directors, of a bonus of 120% of current basic salary.

This is in line with shareholder expectations that higher levels of payout should be commensurate with increasing levels of performance.

Special Retention Payment

The Company has recently faced a real retention risk in relation to the Executive Chairman. It is the strong belief of the Committee that it is crucial to the continued growth of the Company that the services of the Executive Chairman are secured in the short to medium term. To this end, the Committee has introduced a Special Retention Payment for the Executive Chairman to ensure that he is retained to focus on driving shareholder value for the foreseeable future. The structure of the payment was discussed with the Company's principal shareholders and they are fully supportive.

	Paid / Payable			
	March 2008 £000	March 2009 £000	March 2010 £000	Total £000
Retention element	3,000	500	500	4,000
Performance element	-	500 (i)	500 (ii)	1,000
Total	3,000	1,000	1,000	5,000

(i) Based on performance in the period ending 31 January 2009
(ii) Based on performance in the period ending 30 January 2010

The amounts shown above are non-pensionable.

The retention element of £4 million has been recognised in full in the Consolidated Income Statement for the period ended 02 February 2008.

The performance related element will be payable on the achievement of pre-determined profit targets in line with market expectations. This element of the cost has not been recognised in the Consolidated Income Statement for the period ended 02 February 2008. The cost will be recognised in the Consolidated Income Statement in the financial year to which the performance relates if the applicable target for that period has been achieved.

Cash Based Long Term Incentive Plan

In 2005 the Company had proposed to introduce an equity-based long-term incentive plan, which received support from institutional shareholders through advance consultation, but the actual resolution was withdrawn following the purchase of a majority shareholding by Pentland Group Plc.

This has meant that although the Group has performed well over the last few years the Executives responsible for delivering that performance have not had any significant share in the value that they have created.

In May 2007 the Company made special bonus payments to the Executives in recognition of the Group's performance since 2004, which went some way towards redressing the overall remuneration imbalance. However, these payments still bore no real correlation to the actual value that had been created for shareholders over that period, and perhaps more importantly, still left the Executives without any long-term incentive plan in place.



DIRECTORS' REPORT ON REMUNERATION AND RELATED MATTERS
(CONTINUED)

The Committee is therefore proposing to introduce The John David Group plc 2008 Long-Term Incentive Plan ('LTIP') in order to:

- Provide the Committee with the necessary mechanism with which to retain the Executives who are critical to driving shareholder value
- Provide the Executives with the opportunity to earn competitive rewards which has, until now, been severely restricted by the absence of any long-term incentive plan
- Align the Executives' interests more closely with those of the shareholders
- Focus the Executives on sustaining and improving the long-term financial performance of the Group and reward them appropriately for doing so
- Ensure a more appropriate balance in the Executives' compensation between fixed and performance elements

The proposed LTIP consists of two separate awards that pay out in cash after two and three years respectively, subject to continued employment and meeting stretching performance targets which drive the creation of shareholder value. The Committee gave considerable thought as to whether the awards should pay out in cash or shares and decided that given the current shareholder structure and the lack of a large free float, the delivery mechanism should be in cash.

The following table outlines the proposed structure of the LTIP:

	1st Award	2nd Award
Performance to	30 January 2010	29 January 2011
Payable	March 2010	March 2011
Amount Payable:		
Peter Cowgill	£400,000	£450,000
Barry Bown	£350,000	£393,750
Brian Small	£250,000	£281,250
Other Key Executives	£1,500,000	£1,625,000
	£2,500,000	£2,750,000

The 1st award would be paid out in March 2010 subject to the Group achieving average headline earnings* of £40 million over the three year period ending 30 January 2010.

The 2nd award would be paid out in March 2011 subject to the Group achieving average headline earnings* of £44 million (40% of payout) and £48 million (100% of payout) over the three year period ending 29 January 2011.

*Headline earnings are defined as profit before tax and exceptional items.

An amount of £833,000 has been recognised in the Consolidated Income Statement for the period ended 02 February 2008, being one-third of the 1st award payable. This is consistent with the vesting profile of a three year performance period had an award been made in 2007.

Full details of the LTIP will be set out in a shareholder circular for shareholder approval at the Annual General Meeting to be held on 26 June 2008. Any payments made under the scheme will be non-pensionable.

Other Benefits

The Company makes contributions into individual personal pension schemes for Mr B Bown and Mr B Small at a defined percentage of salary, excluding bonus and other forms of remuneration.

Other benefits vary from director to director and include entitlement to a fully expensed car, private health care for the executive director and immediate family and life assurance to provide cover equal to four times the executive director's salary. Car benefits have been calculated in accordance with HM Revenue and Customs' scale charges.

The Committee actively reviews the levels of benefit received to ensure that they remain competitive in the UK quoted environment.

SERVICE CONTRACTS

Details of the contracts currently in place for executive directors are as follows:

	Date Of Contract	Notice Period (Months)	Unexpired Term
Barry Bown	10 December 2001	12	Rolling 12 months
Brian Small	10 March 2004	12	Rolling 12 months
Peter Cowgill	16 March 2004	12	Rolling 12 months

Each service contract includes provision for compensation commitments in the event of early termination. For Mr P Cowgill and Mr B Small these commitments do not exceed one year's salary and benefits. For Mr B Bown the agreement provides for compensation to be paid to him upon termination of appointment of a sum equivalent to 12 months' salary plus £170,000 (net of PAYE and NIC) plus an amount equal to the value over 12 months of the benefits to which he was entitled at the date of termination.

Each service contract expires upon the director reaching the age of 65 (subject to re-election by shareholders).

DIRECTORS' REPORT ON REMUNERATION AND RELATED MATTERS
(CONTINUED)

The Committee consider these levels of compensation appropriate in light of the levels of basic salary provided and prevailing market conditions.

In the event of gross misconduct, the Company may terminate the service contract of an executive director immediately and with no liability to make further payments other than in respect of amounts accrued at the date of termination.

Directors retiring by rotation at the next Annual General Meeting are shown in the directors' report on page 22.

During the year, Peter Cowgill served as a Non-Executive Director elsewhere and has retained earnings of £67,900 in respect of this service.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors have entered into letters of appointment with the Company for a fixed period of 12 months which are renewable by the Board and the non-executive director, and are terminable by the non-executive director or Company on not less than three months' notice.

Their remuneration is determined by the Board taking into account the scope and nature of their duties and market rates. The Non-Executive Directors do not participate in the Company's incentive arrangements and no pension contributions are made in respect of them. Details of the fees are set out in the audited information on page 38.

TOTAL SHAREHOLDER RETURN

Figure 1 shows the Total Shareholder Return ('TSR') of the Group in comparison to the FTSE All Share General Retailers Index over the past five years. The Committee consider the FTSE All Share General Retailers Index a relevant index for total shareholder return comparison disclosure required under the Regulations as the index represents the broad range of UK quoted retailers.

TSR is calculated for each financial year end relative to the base date of 31 January 2003 by taking the percentage change of the market price over the relevant period, re-investing any dividends at the ex-dividend rate.

Figure 2 illustrates the TSR of the Company from 31 January 2004 as this illustrates the return generated by the current management team relative to the FTSE All Share General Retailers Index.

Figure 1: Total Shareholders Return from 31st January 2003

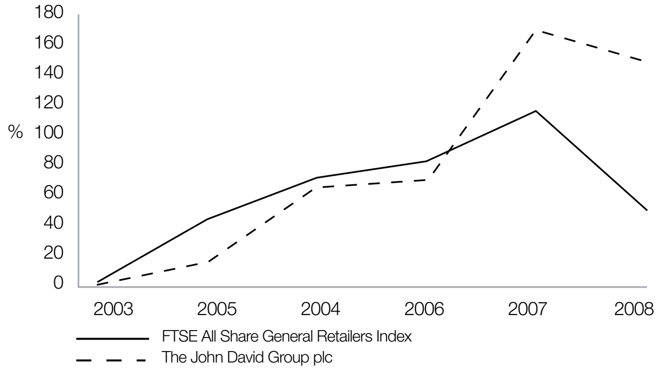
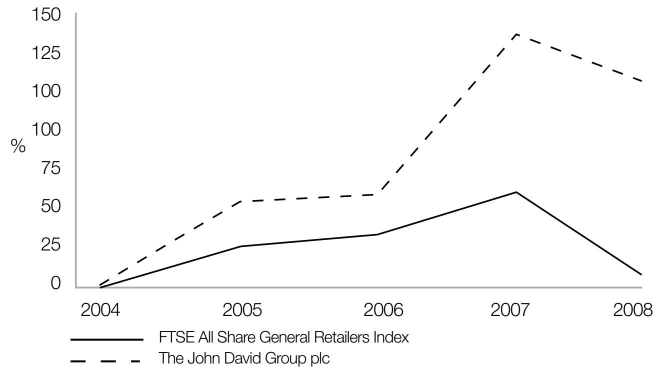


Figure 2: Total Shareholders Return from 31st January 2004



DIRECTORS' REPORT ON REMUNERATION AND RELATED MATTERS
(CONTINUED)

AUDITED INFORMATION

Individual Directors' emoluments

Directors' salaries and benefits charged in the period to 02 February 2008 are set out below together with comparatives for the period to 27 January 2007.

	Salary and fees £000	Benefits excluding pensions £000	Annual performance related bonus £000	Special retention payment £000	2008 Total £000	2007 Total £000	2008 Pension total £000	2007 Pension costs £000
P Cowgill	354	3	462	4,000*	4,819	1,423	-	-
B Bown	263	4	330	-	597	1,036	21	16
B Small	165	17	204	-	386	694	20	16
C Archer	35	-	-	-	35	34	-	-
C Bird	26	-	-	-	26	25	-	-
	843	24	996	4,000	5,863	3,212	41	32

*Includes £500,000 payable in March 2009 and £500,000 payable in March 2010.

The pension contributions represent amounts payable to defined contribution pension schemes.

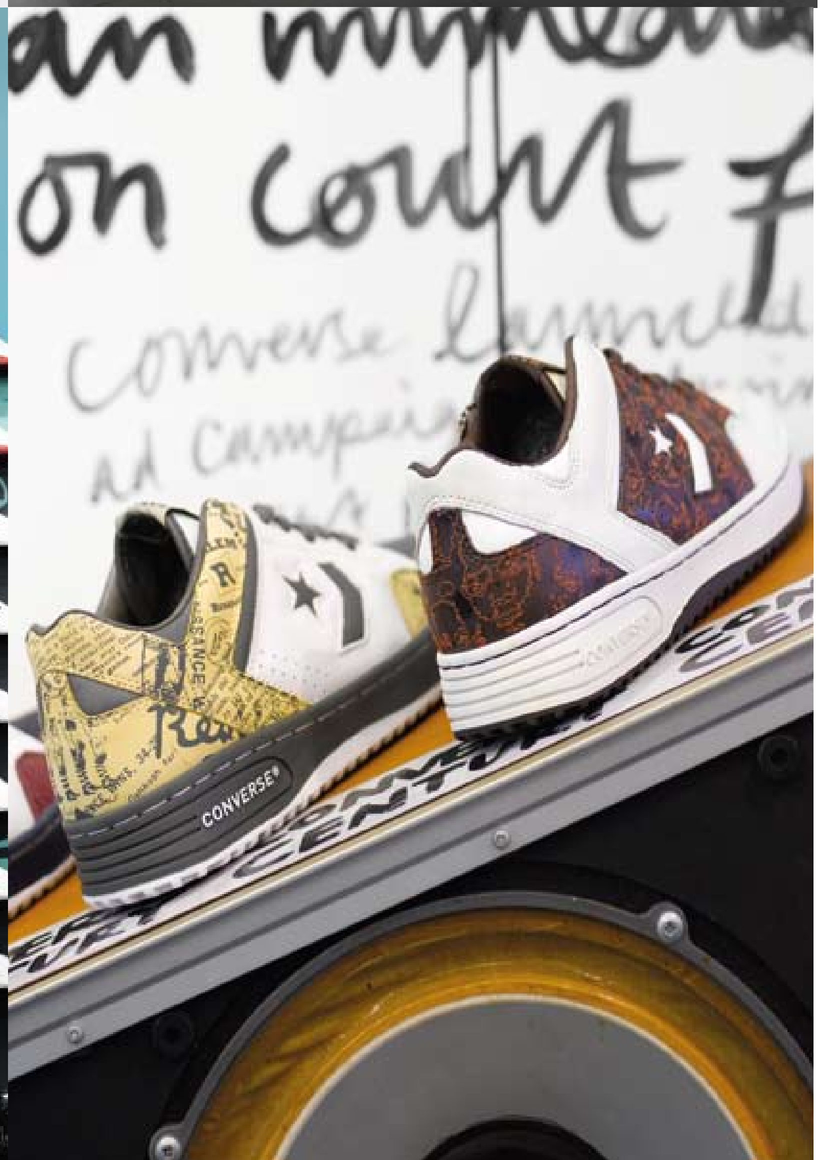
Cash Based Long Term Incentive Plan

In addition, the following amounts have been provided as at 02 February 2008 in respect of the proposed LTIP. The amounts recognised represent one third of the amount proposed for the 1st award based on Group performance in the first year of the three year vesting period. The 1st award, if approved, will be payable in March 2010 subject to the Group meeting the performance conditions as detailed on page 34.

	2008 £000
P Cowgill	133
B Bown	117
B Small	83
	333

On behalf of the Remuneration Committee

Colin Archer
Chairman of the Remuneration Committee
15 April 2008



DIRECTORS' RESPONSIBILITY STATEMENT

RESPONSIBILITIES OF DIRECTORS

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

The Group and Parent Company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Group and the Parent Company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether they have been prepared in accordance with IFRSs as adopted by the EU
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's web site. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and Group; and
- the management report, comprising the chairman's statement, financial and risk review, property and stores review and directors' report, includes a fair review of the development and performance of the business and the position of the Parent Company and Group, together with a description of the principal risk and uncertainties that they face.

By order of the Board

Brian Small
Group Finance Director
15 April 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JOHN DAVID GROUP PLC

We have audited the Group and Parent Company financial statements (the 'financial statements') of The John David Group Plc for the 53 week period ended 02 February 2008 which comprise the Consolidated Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Recognised Income and Expense, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 41.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Summary of Key Performance Indicators, Chairman's Statement, Financial and Risk Review, Property and Stores Review and Corporate and Social Responsibility pages that is cross-referenced from the Principal Activities and Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 02 February 2008 and of its profit for the period then ended;
- the Parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 02 February 2008;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Preston
15 April 2008

CONSOLIDATED INCOME STATEMENT

FOR THE 53 WEEKS ENDED 02 FEBRUARY 2008

	Note	53 weeks to 02 February 2008 Continuing Operations £000	53 weeks to 02 February 2008 Continuing Operations £000	52 weeks to 27January 2007 Continuing Operations £000	52 weeks to 27 January 2007 Continuing Operations £000
REVENUE			592,240		530,581
Cost of sales			(300,813)		(278,331)
GROSS PROFIT			291,427		252,250
Selling and distribution expenses - normal		(222,720)		(209,270)	
Selling and distribution expenses - exceptional	4	(8,404)		(3,799)	
Selling and distribution expenses			(231,124)		(213,069)
Administrative expenses - normal		(25,774)		(17,409)	
Administrative expenses - exceptional	4	-		(4,000)	
Administrative expenses			(25,774)		(21,409)
Other operating income			1,086		1,730
OPERATING PROFIT			35,615		19,502
Before exceptional items			44,019		27,301
Exceptional items	4		(8,404)		(7,799)
OPERATING PROFIT			35,615		19,502
Share of results of joint venture	15		(145)		-
Financial income	7		297		177
Financial expenses	8		(764)		(2,412)
PROFIT BEFORE TAX	3		35,003		17,267
Income tax expense	9		(11,416)		(6,879)
PROFIT FOR THE PERIOD			23,587		10,388
Attributable to equity holders of the parent			23,549		10,388
Attributable to minority interest			38		-
Basic earnings per ordinary share	10		48.79p		21.52p
Diluted earnings per ordinary share	10		48.79p		21.52p

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE 53 WEEKS ENDED 02 FEBRUARY 2008

GROUP

The Group has no recognised gains or losses during the current or previous period other than the results reported above.

COMPANY

The Company has no recognised gains or losses during the current or previous period other than the results reported in note 25.

BALANCE SHEETS

AS AT 02 FEBRUARY 2008

	Note	GROUP As at 02 February 2008 £000	GROUP As at 27 January 2007 £000	COMPANY As at 02 February 2008 £000	COMPANY As at 27 January 2007 £000
ASSETS					
Intangible assets	11	**41,371**	20,562	**22,164**	17,945
Property, plant and equipment	12	**53,622**	41,919	**39,678**	36,739
Other receivables	14	**5,025**	2,753	**4,801**	2,592
Investment property	13	**4,151**	-	**4,151**	-
Equity accounted investment in joint venture	15	**360**	-	**-**	-
Investments	16	**-**	-	**5,298**	3,470
TOTAL NON-CURRENT ASSETS		**104,529**	65,234	**76,092**	60,746
Inventories	17	**58,669**	51,469	**45,172**	47,109
Trade and other receivables	18	**15,899**	13,012	**47,809**	22,325
Cash and cash equivalents	19	**11,969**	11,230	**9,343**	11,425
TOTAL CURRENT ASSETS		**86,537**	75,711	**102,324**	80,859
TOTAL ASSETS		**191,066**	140,945	**178,416**	141,605
LIABILITIES					
Interest bearing loans and borrowings	20	**(134)**	(106)	**(83)**	(95)
Trade and other payables	22	**(80,389)**	(58,849)	**(62,177)**	(54,838)
Provisions	23	**(1,893)**	(2,130)	**(1,438)**	(1,531)
Income tax liabilities		**(9,147)**	(3,477)	**(8,485)**	(3,477)
TOTAL CURRENT LIABILITIES		**(91,563)**	(64,562)	**(72,183)**	(59,941)
Interest bearing loans and borrowings	20	**(83)**	(192)	**(83)**	(192)
Other payables	22	**(11,839)**	(8,189)	**(17,939)**	(14,588)
Provisions	23	**(4,726)**	(4,829)	**(3,351)**	(1,707)
Deferred tax liabilities	24	**(46)**	(1,571)	**(310)**	(1,490)
TOTAL NON-CURRENT LIABILITIES		**(16,694)**	(14,781)	**(21,683)**	(17,977)
TOTAL LIABILITIES		**(108,257)**	(79,343)	**(93,866)**	(77,918)
TOTAL ASSETS LESS TOTAL LIABILITIES		**82,809**	61,602	**84,550**	63,687
CAPITAL AND RESERVES					
Issued ordinary share capital	25	**2,413**	2,413	**2,413**	2,413
Share premium	25	**10,823**	10,823	**10,823**	10,823
Retained earnings	25	**69,573**	48,366	**71,314**	50,451
TOTAL EQUITY		**82,809**	61,602	**84,550**	63,687
Attributable to equity holders of the parent		**81,627**	61,602	**84,550**	63,687
Attributable to minority interest		**1,182**	-	**-**	-
TOTAL EQUITY		**82,809**	61,602	**84,550**	63,687

These financial statements were approved by the Board of Directors on 15 April 2008 and were signed on its behalf by:
B Bown
B Small
Directors

CASH FLOW STATEMENTS

FOR THE 53 WEEKS ENDED 02 FEBRUARY 2008

	Note	GROUP 53 weeks to 02 February 2008 £000	GROUP 52 weeks to 27 January 2007 £000	COMPANY 53 weeks to 02 February 2008 £000	COMPANY 52 weeks to 27 January 2007 £000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the period	25	**23,587**	10,388	**24,387**	12,210
Share of results of joint venture	15	**145**	-	**-**	-
Income tax expense	9	**11,416**	6,879	**11,605**	7,217
Financial expenses	8	**764**	2,412	**887**	2,336
Financial income	7	**(297)**	(177)	**(320)**	(149)
Depreciation and amortisation of non-current assets		**12,421**	11,888	**10,848**	11,230
Impairment of non-current assets		**2,535**	5,482	**1,499**	4,842
Loss/(profit) on disposal of non-current assets	4	**3,015**	(1,491)	**2,766**	(2,138)
Decrease in inventories		**2,955**	5,299	**1,109**	4,662
Decrease/(increase) in trade and other receivables		**1,396**	(475)	**(24,660)**	509
Increase/(decrease) in trade and other payables and provisions		**6,877**	1,488	**11,805**	(1,259)
Interest paid		**(764)**	(2,412)	**(887)**	(2,336)
Income taxes paid		**(7,619)**	(1,712)	**(7,777)**	(1,712)
NET CASH FROM OPERATING ACTIVITIES		**56,431**	37,569	**31,262**	35,412
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**297**	177	**320**	149
Proceeds from sale of non-current assets		**1,257**	11,099	**1,168**	11,099
Proceeds from group asset transfer		**-**	-	**2,339**	-
Disposal costs of non-current assets		**(2,432)**	(2,188)	**(2,123)**	(1,668)
Acquisition of intangible assets	11	**(4,279)**	-	**(4,279)**	-
Acquisition of property, plant and equipment	12	**(19,407)**	(13,665)	**(18,284)**	(11,046)
Acquisition of investment property	13	**(4,160)**	-	**(4,160)**	-
Acquisition of non-current other receivables		**(389)**	(434)	**(373)**	(339)
Cash consideration of acquisitions net of cash acquired	11	**(1,135)**	(5,000)	**(1,323)**	(5,000)
Investment in joint venture	15	**(505)**	-	**(505)**	-
Amounts loaned to joint venture		**(2,479)**	-	**(2,479)**	-
NET CASH USED IN INVESTING ACTIVITIES		**(33,232)**	(10,011)	**(29,699)**	(6,805)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of interest bearing loans and borrowings		**(18,917)**	(22,000)	**(121)**	(22,000)
Payment of finance lease and similar hire purchase contracts		**(19)**	(285)	**-**	-
Dividends paid		**(3,524)**	(3,379)	**(3,524)**	(3,379)
NET CASH USED IN FINANCING ACTIVITIES		**(22,460)**	(25,664)	**(3,645)**	(25,379)
NET INCREASE IN CASH AND CASH EQUIVALENTS	29	**739**	1,894	**(2,082)**	3,228
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	29	**11,230**	9,336	**11,425**	8,197
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29	**11,969**	11,230	**9,343**	11,425

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The John David Group Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The financial statements for the 53 week period ended 02 February 2008 represent those of the Company and its subsidiaries (together referred to as the 'Group'). The Parent Company financial statements present information about the Company as a separate entity and not about its group.

The financial statements were authorised for issue by the Board of Directors on 15 April 2008.

BASIS OF PREPARATION

European Union ('EU LAW') law (IAS Regulation EC 1606/2002) requires that the financial statements of the Group are prepared and approved in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRSs'). The financial statements have been prepared on the basis of the requirements of adopted IFRSs that are endorsed by the EU and effective at 02 February 2008.

The Company has chosen to present its own results under adopted IFRSs and by publishing the Company financial statements here, with the Group financial statements, the Company is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes.

The Group has adopted the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures' and the amendment to IAS 1 'Presentation of Financial Statements: Capital Disclosures' in the current year financial statements. Full comparative figures are presented. The adoption of these standards has not led to any changes in the Group's accounting policies and has not had any impact on the Consolidated Income Statement or Group and Company Balance Sheets.

The following adopted IFRSs, which will have an impact for the Group, were available for early adoption but have not been applied in these financial statements:

- IFRS8 'Operating Segments' applicable for financial periods commencing on or after 01 January 2009. This requires that entities adopt the 'management approach' to reporting the financial performance of its operating segments. It is concerned with disclosures only and, as such, will have no impact on the Consolidated Income Statement or Group and Company Balance Sheets

All other standards and interpretations that are available for early adoption have no impact for the Group.

The financial statements are presented in pounds sterling, rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention, as modified for financial assets and liabilities (including derivative instruments) at fair value through the Consolidated Income Statement.

The preparation of financial statements in conformity with adopted IFRSs 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have unless otherwise stated been applied consistently to all periods present in these financial statements and have been applied consistently by all Group entities.

BASIS OF CONSOLIDATION

I. **Subsidiaries** Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.
The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Minority interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to holders of the parent. Minority interests consist of the amount of those interests at the date that control commences and the minority's share of changes in equity subsequent to that date.

II. **Joint ventures**
Joint ventures are entities over which the Group has joint control based on a contractual arrangement. The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Investments in joint ventures are carried in the balance sheet at cost and adjusted for post-acquisition changes in the Group's share of the net assets. Losses of the joint venture in excess of the Group's interest in it are not recognised.

III. **Transactions eliminated on consolidation**
Intragroup balances and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

I. **Owned assets**
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items.

II. **Leased assets**
Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Group assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future installments under such leases, net of financing costs, are included within interest bearing loans and borrowings. Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future installments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental charges are charged to the Consolidated Income Statement on a straight line basis over the life of the lease.

Legal fees and other costs associated with the acquisition of a leasehold interest are capitalised as other receivables within non-current assets. These costs are amortised over the life of the lease.

Lease incentives are credited to the Consolidated Income Statement on a straight line basis over the life of the lease.

III. **Depreciation** Depreciation is charged to the Consolidated Income Statement over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

• Long leasehold properties	2% per annum on a straight line basis
• Improvements to short leasehold properties	life of lease on a straight line basis
• Computer equipment	3 - 6 years on a straight line basis
• Fixtures and fittings	7 - 10 years, or length of lease if shorter, on a straight line basis
• Motor vehicles	25% per annum on a reducing balance basis

INVESTMENT PROPERTY

Investment property, which is property held to earn rentals, is stated at cost less accumulated depreciation and impairment losses. Investment property is depreciated over a period of 50 years on a straight-line basis, with the exception of freehold land, which is not depreciated. The Group has elected not to revalue investment property annually but to disclose the fair value in the consolidated financial statements.

The fair value is based on an external valuation prepared by persons having the appropriate professional qualification and experience.

INTANGIBLE ASSETS

I. **Goodwill**
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 01 February 2004, goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 01 February 2004 has not been reconsidered in preparing the Group's opening adopted IFRS balance sheet at 01 February 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units (CGUs) and is tested annually for impairment. The CGUs used are the store portfolios acquired through acquisitions. The recoverable amount is compared to the carrying amount of the CGU including goodwill. The recoverable amount of a CGU is determined based on value-in-use calculations.

Negative goodwill arising on an acquisition is recognised immediately in the Consolidated Income Statement.

II. **Other intangible assets**
Other intangible assets represent brand licences and purchased fascia names. Brand licences are stated at cost less accumulated amortisation and impairment losses. Amortisation of brand licences is charged to the Consolidated Income Statement over the term to the licence expiry on a straight-line basis.

Separately identifiable fascia names acquired on acquisition are initially stated at fair value and thereafter at cost less accumulated amortisation and impairment losses. The useful economic life of each purchased fascia name is considered separately. Where the Directors believe that there is no foreseeable limit to the period over which the asset is expected to generate a net cash flow, the specific fascia name is not amortised but is subject to annual impairment reviews.

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

In the Company's accounts all investments in subsidiary undertakings and joint ventures are stated at cost less provisions for impairment losses.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle. Provisions are made for obsolescence, mark downs and shrinkage.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cashflows from the financial assets expire or are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

TRADE RECEIVABLES
Trade receivables are recognised at amortised cost less impairment losses. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The movement in the provision is recognised in the Consolidated Income Statement.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows, as these are used as an integral part of the Group's cash management.

NET DEBT / INTEREST BEARING BORROWINGS
Net debt consists of cash and cash equivalents together with other borrowings from bank loans, other loans, loan notes, finance leases and similar hire purchase contracts.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Following the initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of the borrowings on an effective interest basis.

TRADE AND OTHER PAYABLES
Trade and other payables are non-interest bearing and are stated at their cost.

FOREIGN CURRENCY TRANSLATION
Transactions denominated in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange at the balance sheet date. Exchange differences in monetary items are recognised in the Consolidated Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at the rate of exchange at the balance sheet date. Income and expenses are translated at the average exchange rate for the accounting period.

DERIVATIVE FINANCIAL INSTRUMENTS
The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and remeasured at each period end. The gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Interest rate swaps are recognised at fair value in the balance sheet with movements in fair value recognised in the Consolidated Income Statement for the period. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the respective risk profiles of the swap counterparties.

HEDGING
Hedge of monetary assets and liabilities
Where a derivative financial instrument is used to hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the Consolidated Income Statement.

PROVISIONS
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably.

Within the onerous lease provision, management have provided against the minimum contractual lease cost less potential sublease income for vacant stores. For loss making trading stores, provision is made to the extent that the lease is deemed to be onerous.

REVENUE
Revenue represents the amounts receivable by the Group for goods supplied to customers net of discounts, returns and VAT. Revenue is recognised when goods are sold and title has passed.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EXCEPTIONAL ITEMS
Items that are material in size, unusual or infrequent in nature are included within operating profit and disclosed separately as exceptional items in the Consolidated Income Statement.

The separate reporting of exceptional items, which are presented as exceptional within the relevant category in the Consolidated Income Statement, helps provide an indication of the Group's underlying business performance. The principal items which will be included as exceptional items are:

- Loss/(profit) on the disposal of non-current assets
- Provision for rentals on onerous property leases
- Impairment of property, plant and equipment
- Impairment of non-current other receivables
- Impairment of intangible assets
- The cost of significant restructuring and incremental integration costs following acquisition

FINANCIAL INCOME
Financial income comprises interest receivable on funds invested. Financial income is recognised in the Consolidated Income Statement on an effective interest method.

FINANCIAL EXPENSES
Financial expenses comprise interest payable on interest-bearing loans and borrowings. Financial expenses are recognised in the Consolidated Income Statement on an effective interest method.

INCOME TAX EXPENSE
Tax on the profit or loss for the year comprises current and deferred tax.

I. **Current income tax**
Current income tax expense is calculated using the tax rates which have been enacted or substantively enacted by the balance sheet date, adjusted for any tax paid in respect of prior years.

II. **Deferred taxation**
Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- Goodwill not deductible for tax purposes
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profit
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

The amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

IMPAIRMENT
The carrying amounts of the Group's assets other than inventories and deferred tax assets are reviewed annually to determine whether there is any indication of impairment. An impairment review is performed on individual cash generating units (CGUs) being individual stores or a collection of stores where the cash flows are not independent. If any such impairment exists then the asset's recoverable amount is estimated. Impairment losses are recognised in the Consolidated Income Statement.

Impairment losses in respect of goodwill are not reversed.

PENSIONS
The Group operates defined contribution pension schemes, the assets of which are held separately from those of the Group in independently administered funds. Obligations for contributions to the defined contribution schemes are recognised as an expense in the Consolidated Income Statement when incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with adopted IFRSs 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. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

I. **Impairment of goodwill**
The Group is required to test whether goodwill has suffered any impairment. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows expected to arise from the continuing operation of the cash generating unit and the choice of a suitable discount rate in order to calculate the present value. Actual outcomes could vary significantly from these estimates.

II. **Impairment of property, plant and equipment and non-current other receivables**
Property, plant and equipment and non-current other receivables are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash generating unit is not recoverable. The carrying value is determined based on their fair value as supported by a management valuation less costs to sell.

III. **Impairment of other intangible assets with indefinite lives**
The Group is required to test whether other intangible assets with an indefinite useful economic life have suffered any impairment. The recoverable amount of these assets is based on the estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value. Actual outcomes could vary significantly from these estimates.

IV. **Provisions to write inventories down to net realisable value**
The Group makes provisions for obsolescence, mark downs and shrinkage based on historical experiences and management estimates of future events. Actual outcomes could vary significantly from these estimates.

V. **Onerous property lease provisions**
The Group makes a provision for onerous property leases on specific stores based on the anticipated future cash outflows relating to the contractual lease cost less potential sublease income. The estimation of sublease income is based on historical experience and knowledge of the retail property market in the area around each specific property.

2. SEGMENTAL ANALYSIS

The Group manages its business activities through two Divisions - Sport and Fashion. Revenue and costs, for the 53 weeks ended 02 February 2008, are readily identifiable for each segment.

The Divisional results for the 53 weeks to 02 February 2008 are as follows:

INCOME STATEMENT	Sport £000	Fashion £000	Total £000
Revenue	544,372	47,868	592,240
Operating profit/(loss) before financing and exceptional items	45,615	(1,596)	44,019
Exceptional items	(8,574)	170	(8,404)
Operating profit/(loss)	37,041	(1,426)	35,615
Share of results of joint venture			(145)
Financial income			297
Financial expenses			(764)
Profit before tax			35,003
Income tax expense			(11,416)
Profit for the period			23,587

The Board consider that the share of results of joint venture and net funding costs are cross divisional in nature and cannot be allocated between the Divisions on a meaningful basis.

BALANCE SHEET	Sport £000	Fashion £000	Unallocated £000	Total £000
Total assets	127,546	47,260	16,260	191,066
Total liabilities	(80,450)	(18,614)	(9,193)	(108,257)

Unallocated assets and liabilities relate to items which are cross divisional including interest in joint venture, tax, elements of goodwill and bank debt.

OTHER SEGMENT INFORMATION	Sport £000	Fashion £000	Total £000
Capital expenditure:			
Property, plant and equipment	18,491	916	19,407
Investment property	4,160	-	4,160
Non-current other receivables	373	16	389
Goodwill on acquisition	-	11,109	11,109
Other intangible assets	4,279	5,481	9,760
Depreciation, amortisation and impairments:			
Depreciation and amortisation of non-current assets	10,918	1,503	12,421
Impairment of non-current assets	1,500	1,035	2,535

The comparative divisional results for the 52 weeks to 27 January 2007 are as follows:

INCOME STATEMENT	Sport £000	Fashion £000	Total £000
Revenue	492,833	37,748	530,581
Operating profit/(loss) before financing and exceptional items	29,658	(2,357)	27,301
Exceptional items	(4,786)	(3,013)	(7,799)
Operating profit/(loss)	24,872	(5,370)	19,502
Financial income			177
Financial expenses			(2,412)
Profit before tax			17,267
Income tax expense			(6,879)
Profit for the period			10,388

The Board consider that net funding costs are cross divisional in nature and cannot be allocated between the Divisions on a meaningful basis.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. SEGMENTAL ANALYSIS (CONTINUED)

BALANCE SHEET	Sport £000	Fashion £000	Unallocated £000	Total £000
Total assets	110,792	14,253	15,900	140,945
Total liabilities	(54,650)	(19,645)	(5,048)	(79,343)

Unallocated assets and liabilities relate to items which are cross divisional including tax, elements of goodwill and bank debt.

OTHER SEGMENT INFORMATION	Sport £000	Fashion £000	Total £000
Capital expenditure:			
Property, plant and equipment	11,045	2,620	13,665
Non-current other receivables	339	95	434
Goodwill on acquisition	4,045	-	4,045
Depreciation, amortisation and impairments:			
Depreciation and amortisation of non-current assets	10,625	1,263	11,888
Impairment of non-current assets	2,840	2,642	5,482

The operations and assets of the Group are located almost entirely in the United Kingdom. Accordingly, no geographical analysis is presented.

3. PROFIT BEFORE TAX

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
PROFIT BEFORE TAX IS STATED AFTER CHARGING:		
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**106**	75
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**42**	15
Other services pursuant to legislation	**51**	20
Tax services	**27**	54
All other services	**20**	22
Depreciation and amortisation of non-current assets:		
Depreciation of property, plant and equipment		
Owned	**11,674**	11,272
Held under finance lease and similar hire purchase contracts	**155**	179
Depreciation of investment property - owned	**9**	-
Amortisation of intangible assets	**60**	-
Amortisation and other amounts written off non-current other receivables - owned	**523**	437
Impairments of non-current assets:		
Property, plant and equipment (see note 4)	**2,535**	1,482
Intangible assets (see note 4)	**-**	4,000
Rentals payable under non-cancellable operating leases for:		
Land and buildings	**67,332**	63,579
Other - plant and equipment	**923**	988
Rentals payable to the Administrator to occupy Allsports properties	**-**	2,402
Provision to write down inventories to net realisable value	**216**	4,916
Foreign exchange loss recognised	**-**	28
AFTER CREDITING OTHER OPERATING INCOME:		
Rents receivable and other income from property	**1,087**	1,730
Foreign exchange gain recognised	**525**	-

In addition, fees of £40,000 (2007: £30,000) were incurred and paid by Pentland Group Plc (see note 32) in relation to the non-coterminous audit of the Group for the purpose of inclusion in their consolidated financial statements.The Group also incurred fees of £35,000 in respect of tax and accounting advice provided by the Company's auditor, which is included in the cost of acquisitions in the period (see note 11).

Non-current other receivables comprises legal fees and other costs associated with the acquisition of leasehold interests (see note 14).

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

4. EXCEPTIONAL ITEMS

	Note	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Loss/(profit) on disposal of non-current assets		**3,015**	(1,491)
Provision for rentals on onerous property leases	23	**-**	1,558
Impairment of property, plant and equipment	12	**2,535**	1,482
Lease variation costs (i)		**2,854**	2,250
Selling and distribution expenses - exceptional		**8,404**	3,799
Impairments of intangible assets	11	**-**	4,000
Administrative expenses - exceptional		**-**	4,000
		8,404	7,799

(i) Lease variation costs represent the costs of varying onerous leases to create a break option.

5. REMUNERATION OF DIRECTORS

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Directors' emoluments:		
As non-executive directors	**61**	58
As executive directors	**6,135**	3,154
Pension contributions	**41**	32
	6,237	3,244

The remuneration of the executive directors includes retention payments totalling £4,000,000 (2007: special bonuses totalling £2,000,000) and provision for future LTIP payments of £333,000 (2007: £nil). Further information on directors' emoluments is shown in the Directors' Report on Remuneration and Related Matters on page 38.

6. STAFF NUMBERS AND COSTS

GROUP

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2008	2007
Sales and distribution	**8,359**	8,678
Administration	**268**	246
	8,627	8,924
Full time equivalents	**4,951**	4,841

6. STAFF NUMBERS AND COSTS (CONTINUED)

The aggregate payroll costs of these persons were as follows:

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Wages and salaries	**83,890**	76,247
Social security costs	**5,601**	4,703
Other pension costs (see note 28)	**374**	300
	89,865	81,250

In the opinion of the Board, the key management as defined under IAS24 'Related Party Disclosures' are the five executive and non-executive Directors (2007: five). Full disclosure of the directors' remuneration is given in the Directors' Report on Remuneration and Related Matters on page 38.

COMPANY

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	2008	2007
Sales and distribution	**7,723**	8,392
Administration	**248**	231
	7,971	8,623
Full time equivalents	**4,553**	4,677

The aggregate payroll costs of these persons were as follows:

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Wages and salaries	**77,186**	70,464
Social security costs	**5,169**	4,530
Other pension costs	**351**	299
	82,706	75,293

7. FINANCIAL INCOME

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Bank interest	**278**	139
Other interest	**19**	38
	297	177

8. FINANCIAL EXPENSES

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
On bank loans and overdrafts	**758**	2,364
Finance charges payable in respect of finance lease and similar hire purchase contracts	**6**	42
Other loans	**-**	6
	764	2,412

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

9. INCOME TAX EXPENSE

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
CURRENT TAX		
UK corporation tax at 30% (2007: 30%)	**13,229**	6,637
Adjustment relating to prior periods	**(251)**	288
Total current tax charge	**12,978**	6,925
DEFERRED TAX		
Deferred tax (origination and reversal of temporary differences)	**(544)**	641
Adjustment relating to prior periods	**(1,018)**	(687)
Total deferred tax credit (see note 24)	**(1,562)**	(46)
Income tax expense	**11,416**	6,879

RECONCILIATION OF INCOME TAX EXPENSE

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Profit before tax multiplied by the standard rate of corporation tax in the UK of 30% (2007: 30%)	**10,501**	5,180
Effects of:		
Expenses not deductible	**306**	364
Income not taxable	**-**	(28)
Depreciation and impairment of non-qualifying non-current assets	**1,451**	1,090
Loss on disposal of non-qualifying non-current assets	**586**	141
Non qualifying impairment of investment (see note 16)	**-**	600
Reduction in future tax rate	**3**	-
Effect of overseas tax rates	**(161)**	-
Other differences	**(1)**	(69)
Adjustments to tax charge in respect of earlier periods	**(1,269)**	(399)
Income tax expense	**11,416**	6,879

The adjustment relating to prior periods represents a reduction in the provision for rolled-over chargeable gains which were eliminated by capital losses.

10. EARNINGS PER ORDINARY SHARE

BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

The calculation of basic and diluted earnings per ordinary share at 02 February 2008 is based on the profit for the period attributable to equity holders of the parent of £23,549,000 (2007: £10,388,000) and a weighted average number of ordinary shares outstanding during the 53 weeks ended 02 February 2008 of 48,263,434 (2007: 48,263,434), calculated as follows:

	53 weeks to 02 February 2008	52 weeks to 27 January 2007
Issued ordinary shares at beginning and end of period	**48,263,434**	48,263,434
Weighted average number of ordinary shares during the period - basic and diluted	**48,263,434**	48,263,434

10. EARNINGS PER ORDINARY SHARE (CONTINUED)

ADJUSTED BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

Adjusted basic and diluted earnings per ordinary share has 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.

	Note	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Profit for the period attributable to equity holders of the parent		**23,549**	10,388
Exceptional items excluding loss/profit on disposal of non-current assets	4	**5,389**	9,290
Tax relating to exceptional items		**(1,405)**	(2,107)
Profit for the period attributable to equity holders of the parent excluding exceptional items		**27,533**	17,571
Adjusted basic and diluted earnings per ordinary share		**57.05p**	36.41p

11. INTANGIBLE ASSETS

GROUP	Goodwill £000	Brand Licence £000	Fascia Name £000	Total £000
COST OR VALUATION				
At 28 January 2006	21,724	-	-	21,724
Acquisitions	4,045	-	-	4,045
At 27 January 2007	25,769	-	-	25,769
Acquisitions	11,109	4,279	5,481	20,869
At 02 February 2008	36,878	4,279	5,481	46,638
AMORTISATION AND IMPAIRMENT				
At 28 January 2006	1,207	-	-	1,207
Impairment	4,000	-	-	4,000
At 27 January 2007	5,207	-	-	5,207
Charge for the period	-	60	-	60
At 02 February 2008	5,207	60	-	5,267
NET BOOK VALUE				
At 02 February 2008	**31,671**	**4,219**	**5,481**	**41,371**
At 27 January 2007	20,562	-	-	20,562
At 28 January 2006	20,517	-	-	20,517

Goodwill as at 28 January 2006, was restated in accordance with IFRS 3 'Business Combinations' to reflect fair value adjustments made on the acquisition of Allsports during the hindsight period.

The brand licence acquired in the period comprises an amount of £4,279,000 for a sub-licence to use the Sergio Tacchini brand in the UK until 2019. This amount is being amortised on a straight-line basis over the licence period. Amortisation of this intangible is included within cost of sales in the Consolidated Income Statement.

The fascia name acquired in the period of £5,481,000 represents the fair value of the 'Bank' fascia name acquired as part of the acquisition of Bank Stores Holdings Limited and its subsidiaries. The 'Bank' fascia name is not being amortised as management consider this asset to have an indefinite useful economic life. Factors considered by the Board in determining that the useful life of the Bank fascia name is indefinite include:

- The strength of the Bank fascia name in the branded fashion sector
- The history of the fascia name and that of similar assets in the retail sector
- The commitment of the Group to continue to operate Bank stores separately for the foreseeable future

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

11. INTANGIBLE ASSETS (CONTINUED)

COMPANY	Goodwill £000	Brand Licence £000	Total £000
COST OR VALUATION			
At 28 January 2006	15,900	-	15,900
Acquisitions	4,045	-	4,045
At 27 January 2007	19,945	-	19,945
Acquisitions	-	4,279	4,279
At 02 February 2008	19,945	4,279	24,224
AMORTISATION AND IMPAIRMENT			
At 28 January 2006	-	-	-
Impairment	2,000	-	2,000
At 27 January 2007	2,000	-	2,000
Charge for the period	-	60	60
At 02 February 2008	2,000	60	2,060
NET BOOK VALUE			
At 02 February 2008	**17,945**	**4,219**	**22,164**
At 27 January 2007	17,945	-	17,945
At 28 January 2006	15,900	-	15,900

ACQUISITION OF TOPGRADE SPORTSWEAR LIMITED

On 07 November 2007, the Group acquired a 51% share of Topgrade Sportswear Limited for a cash consideration of £1,020,000 together with associated fees of £168,475. Topgrade Sportswear Limited is a wholesaler of sports and fashion related footwear, apparel and accessories.

The goodwill calculation is summarised below:

	Book and provisional fair value £000
Acquiree's net assets at the acquisition date:	
Property, plant & equipment	191
Inventories	2,005
Cash and cash equivalents	189
Trade and other receivables	1,115
Interest bearing loans and borrowings	(59)
Trade and other payables	(1,072)
Deferred tax liabilities	(37)
Net identifiable assets	2,332
Minority interest	(1,144)
Goodwill on acquisition	-
Consideration paid – satisfied in cash	1,188

In accordance with IFRS3 ' Business Combinations', the initial accounting on this acquisition will be completed within 12 months from the date of acquisition.

In the period after acquisition to 02 February 2008, Topgrade Sportswear Limited generated turnover of £2,598,000 and an operating profit of £126,000.

11. INTANGIBLE ASSETS (CONTINUED)

ACQUISITION OF BANK STORES HOLDINGS LIMITED

On 07 December 2007, the Group acquired the entire share capital of Bank Stores Holdings Limited for a cash consideration of £1 together with associated fees of £135,015. Bank is a retailer of branded mens and womens fashion footwear, apparel and accessories with 49 retail outlets across the UK.

The goodwill calculation is summarised below:

	Book value £000	Fair value adjustments £000	Provisional fair value £000
Acquiree's net liabilities at the acquisition date:			
Intangible assets	-	5,481	5,481
Property, plant & equipment	10,856	(2,428)	8,427
Inventories	9,562	(1,411)	8,151
Cash and cash equivalents	-	-	-
Trade and other receivables	3,169	-	3,169
Interest bearing loans and borrowings	(18,796)	-	(18,796)
Trade and other payables	(14,629)	(1,285)	(15,913)
Provisions	(127)	(990)	(1,117)
Income tax liabilities	-	(376)	(376)
Net identifiable liabilities	(9,965)	(1,009)	(10,974)
Goodwill on acquisition			11,109
Consideration paid – satisfied in cash			135

On the same date, and as part of the sale and purchase agreement, the Company transferred a further £18,499,999 to Bank Stores Holdings Limited, to enable it to settle the remaining balances due on its interest bearing bank loans and loan notes.

The Board believe 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. The 'Bank' trademark and fascia has been valued using the 'royalty relief' method of valuation, which takes projected future sales, applies a royalty rate to them and discounts the projected future post tax royalties, to arrive at a net present value. This amount is included within acquired intangible assets. It is the intention of the Group to continue to trade under the Bank fascia for the foreseeable future.

The acquiree's net liabilities in the table above, exclude any deferred tax asset in respect of tax losses of £1,447,000 as at the acquisition date as it is not probable that these losses can be utilised against future profits.

In accordance with IFRS3 'Business Combinations', the initial accounting on this acquisition will be completed within 12 months from the date of the acquisition.

In the period after acquisition to 02 February 2008, the stores generated revenue of £13,333,000 and an operating profit of £434,000.

If the acquisitions of Bank Stores Holdings Limited and Topgrade Sportswear Limited had been completed on 28 January 2007, Group revenues and operating profits would have been £639,245,000 and £33,850,000 respectively.

PRIOR PERIOD ACQUISITION

On 23 June 2006, the Group acquired the trade and certain assets of 14 stores in Airport locations from Hargreaves (Sports) Limited for a cash consideration of £5,000,000. The goodwill calculation is summarised below:

	Book value at 23 June 2006 £000	Fair value adjustment £000	Fair value at 27 January 2007 £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	520	(147)	373
Inventories	600	-	600
Cash and cash equivalents	2	-	2
Trade and other payables	-	(20)	(20)
Net identifiable assets/(liabilities)	1,122	(167)	955
Goodwill capitalised	3,878	167	4,045
Consideration paid - satisfied in cash	5,000	-	5,000

The £4,045,000 initial goodwill arising from this trade and asset purchase was impaired by £2,000,000 at 27 January 2007 to reflect disappointing trade since acquisition.

11. INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT TESTS FOR GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

Cash generating units containing goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) and tested annually for impairment. The CGUs used are the store portfolios acquired through acquisitions. The recoverable amount is compared to the carrying amount of the CGU including goodwill. The recoverable amount of a CGU is determined based on value-in-use calculations. The CGUs for which the carrying amount of goodwill is deemed significant are shown below:

	GROUP		COMPANY	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Hargreaves airports store portfolio	**2,045**	2,045	**2,045**	2,045
Allsports store portfolio	**924**	924	**924**	924
RD Scott store portfolio	**2,617**	2,617	**-**	-
First Sport store portfolio	**14,976**	14,976	**14,976**	14,976
Bank store portfolio	**11,109**	-	**-**	-
	31,671	20,562	**17,945**	17,945

Based on the value-in-use calculations performed at 02 February 2008, no impairment charges have been recognised in the Consolidated Income Statement in the period.

The key assumptions used for value-in-use calculations are set out below:

- In relation to the Allsports store portfolio, RD Scott store portfolio, Bank store portfolio and First Sport store portfolio, the cash flow projections are based on actual operating results, together with financial forecasts and strategy plans approved by the Board covering a five year period. These forecasts and plans are based on both past performance and expectations for future market development. Cash flows beyond this five year period are extrapolated using a growth rate of 2.0% (2007: 2.0%) which is a prudent estimate of the growth based on past experience
- In relation to the Hargreaves airports store portfolio, the cash flow projections are based on actual operating results together with financial forecasts and strategy plans for individual stores for the periods to the end of the individual concession agreements. No assumption has been made on agreements being extended except where those extensions were agreed before 02 February 2008
- The discount rate of 9.0% (2007: 9.0%) is pre-tax and reflects the specific risks and costs of capital of the Group
- The Board believe that any foreseeable possible change in these assumptions would not cause the aggregate carrying amount to exceed the recoverable amount

Intangible assets with indefinite lives

Intangible assets with indefinite lives are tested annually for impairment by comparing the recoverable amount of fascia names to their carrying value. The recoverable value of individual fascia names is determined based on a 'royalty relief' method of valuation, which takes projected future sales, applies a royalty rate to them and discounts the projected future post tax royalties, to arrive at a net present value. The Group has used a discount rate of 12.5% to reflect current market assessments of the time value of money and risks specific to the asset, for which the future cash flow estimates have not been adjusted. Projected future sales are based on financial forecasts approved by the Board covering a five-year period. Subsequent sales projections assume annual growth of 5% for a further five years and 0% growth thereafter.

12. PROPERTY, PLANT AND EQUIPMENT

GROUP	Long leasehold properties £000	Improvements to short leasehold properties £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
COST						
At 28 January 2006	4,445	16,283	9,258	87,449	555	117,990
Additions	-	475	1,528	11,634	28	13,665
Disposals	(4,445)	(2,962)	(2,502)	(16,256)	(344)	(26,509)
On acquisition of trade and assets	-	-	-	373	-	373
At 27 January 2007	-	13,796	8,284	83,200	239	105,519
Additions	-	1,504	1,585	16,173	145	19,407
Disposals	-	(2,341)	(290)	(8,609)	(176)	(11,416)
On acquisition of subsidiaries	-	784	114	7,631	89	8,618
At 02 February 2008	-	13,743	9,693	98,395	297	122,128
DEPRECIATION AND IMPAIRMENT						
At 28 January 2006	685	10,639	6,568	50,748	310	68,950
Charge for period	73	957	1,451	8,923	47	11,451
Impairments	-	111	4	1,367	-	1,482
Disposals	(758)	(2,936)	(2,391)	(11,979)	(219)	(18,283)
At 27 January 2007	-	8,771	5,632	49,059	138	63,600
Charge for period	-	1,026	1,360	9,403	40	11,829
Impairments	-	112	20	2,403	-	2,535
Disposals	-	(1,876)	(276)	(7,195)	(111)	(9,458)
At 02 February 2008	-	8,033	6,736	53,670	67	68,506
NET BOOK VALUE						
At 02 February 2008	**-**	**5,710**	**2,957**	**44,725**	**230**	**53,622**
At 27 January 2007	-	5,025	2,652	34,141	101	41,919
At 28 January 2006	3,760	5,644	2,690	36,701	245	49,040

Included in the net book value of computer equipment is £62,000 (2007: £91,000), fixtures and fittings £481,000 (2007: £735,000) and motor vehicles £41,000 (2007: £1,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £29,000 (2007: £35,000), £120,000 (2007: £142,000) and £6,000 (2007: £2,000), respectively. The maturity of obligations under finance lease and similar hire purchase contracts is included in note 20.

Impairment charges of £2,535,000 (2007: £1,482,000) relate to all classes of property, plant and equipment in cash generating units which are loss making and where it is considered that the position can not be recovered as a result of a continuing deterioration in the performance in the particular store. The cash generating units represent individual stores, or a collection of stores where the cash flows are not independent, with the loss based on the specific revenue streams and costs attributable to those cash generating units. No allocation of central overhead has been made in calculating this loss. Assets in impaired stores are written down fully except where a reasonable estimate may be made of their recoverable value, calculated by reference to their fair value as supported by a management valuation less costs to sell.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Long leasehold properties £000	Improvements to short leasehold properties £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
COST						
At 28 January 2006	4,445	16,230	8,794	84,186	559	114,214
Additions	-	247	1,414	9,374	11	11,046
Disposals	(4,445)	(2,955)	(2,437)	(15,212)	(329)	(25,378)
On acquisition of trade and assets	-	-	-	373	-	373
Transfers to other group companies	-	(723)	(96)	(3,047)	-	(3,866)
At 27 January 2007	-	12,799	7,675	75,674	241	96,389
Additions	-	1,377	1,517	15,278	112	18,284
Disposals	-	(1,935)	(228)	(7,273)	(164)	(9,600)
Transfers to other group companies	-	(431)	(40)	(2,276)	-	(2,747)
At 02 February 2008	-	11,810	8,924	81,403	189	102,326
DEPRECIATION AND IMPAIRMENT						
At 28 January 2006	685	10,750	6,439	50,358	317	68,549
Charge for period	73	933	1,355	8,414	43	10,818
Impairments	-	55	4	783	-	842
Disposals	(758)	(2,902)	(2,335)	(11,062)	(211)	(17,268)
Transfers to other group companies	-	(688)	(79)	(2,524)	-	(3,291)
At 27 January 2007	-	8,148	5,384	45,969	149	59,650
Charge for period	-	922	1,121	8,242	28	10,313
Impairments	-	76	1	1,422	-	1,499
Disposals	-	(1,484)	(219)	(5,900)	(111)	(7,714)
Transfers to other group companies	-	(55)	(34)	(1,011)	-	(1,100)
At 02 February 2008	-	7,607	6,253	48,722	66	62,648
NET BOOK VALUE						
At 02 February 2008	**-**	**4,203**	**2,671**	**32,681**	**123**	**39,678**
At 27 January 2007	-	4,651	2,291	29,705	92	36,739
At 28 January 2006	3,760	5,480	2,355	33,828	242	45,665

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

13. INVESTMENT PROPERTY

	PGGROUP AND COMPANY £000
COST	
At 28 January 2006 and 27 January 2007	-
Additions	4,160
At 02 February 2008	4,160
DEPRECIATION AND IMPAIRMENT	
At 28 January 2006 and 27 January 2007	-
Charge for period	9
At 02 February 2008	9
NET BOOK VALUE	
At 02 February 2008	**4,151**
At 28 January 2006 and 27 January 2007	-

Based on an external valuation, the fair value of investment property as at 02 February 2008 was £4,160,000.

14. OTHER NON-CURRENT RECEIVABLES

	GROUP		COMPANY	
	2008 £000	2007 £000	**2008 £000**	2007 £000
Loan notes receivable from joint venture	**2,479**	-	**2,479**	-
Other receivables	**2,546**	2,753	**2,322**	2,592
	5,025	2,753	**4,801**	2,592

The loan notes receivable from the joint venture earn interest at bank base lending rates plus a margin of 1.5% and are repayable in full over a five-year period ending in December 2012. The first repayment is due to be made in July 2011 of an amount equal to that which would have been repaid cumulatively to July 2011 had repayments been made in equal quarterly instalments over the full five-year period and will include accrued interest at that time. The remaining balance will be paid in equal quarterly instalments to December 2012.

The Board do not consider there to be any significant credit risk in respect of the loan notes receivable from the joint venture as at 02 February 2008.

Other receivables represent lease premia, legal fees and other costs associated with the acquisition of leasehold interests.

Impairment losses of £86,000 (2007: £nil) have been recognised on specific cash generating units which are loss making. The methodology behind identifying loss making cash generating units is explained in note 12.

15. INTEREST IN JOINT VENTURES

On 03 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 is a jointly controlled entity set up for the purposes of acquiring Focus Group Holdings Limited and its subsidiary companies ('Focus Group'), which are involved in the design, sourcing and distribution of branded and own brand footwear, apparel and accessories. Focus Brands Limited is jointly controlled with the former shareholders of Focus Group Holdings Limited.

Deferred consideration may be payable to the vendors in the event that the profit before amortisation and after tax of the Focus Group exceeds certain thresholds in the period to 31 January 2013. The maximum total deferred consideration that could be payable to the vendors is approximately £12.4 million. As at 02 February 2008, the Board do not consider it probable that further consideration will be paid. Accordingly, no further liability has been recognised as at the balance sheet date.

The results and assets and liabilities of the Focus Group are incorporated in the consolidated financial statements using the equity method of accounting. The interest in the joint venture in the Group's balance sheet is based on the share of the net assets, which are as follows:

	02 February 2008 £000	27 January 2007 £000
Non-current assets	**592**	-
Current assets	**9,778**	-
Current liabilities	**(4,381)**	-
Non-current liabilities	**(5,629)**	-
Total net assets	**360**	-

The amount included in the Consolidated Income Statement for the period ended 02 February 2008 in relation to joint ventures is as follows:

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Revenue	**3,142**	-
Loss before tax	**(207)**	-
Tax	**62**	-
Loss after tax	**(145)**	-

As at 02 February 2008, the Group had loan notes receivable from Focus Brands Limited to the value of £2,479,000 (2007: £nil).

16. INVESTMENTS

COMPANY	Investments £000
COST	
At 28 January 2006	4,470
Additions	1,000
At 27 January 2007	5,470
Additions	1,828
At 02 February 2008	7,298
IMPAIRMENT	
At 28 January 2006	-
Impairments	(2,000)
At 27 January 2007 and 02 February 2008	(2,000)
NET BOOK VALUE	
At 02 February 2008	**5,298**
At 27 January 2007	3,470
At 28 January 2006	4,470

The addition to investments in the year comprises £1,323,000 on the acquisition of Bank Stores Holdings Limited (100% owned) and Topgrade Sportswear Limited (51% owned - see note 11) and £505,000 on the investment in Focus Brands Limited (49% owned joint venture - see note 15). A full list of subsidiaries and jointly controlled entities is shown in Note 33.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

17. INVENTORIES

	GROUP 2008 £000	GROUP 2007 £000	COMPANY 2008 £000	COMPANY 2007 £000
Finished goods and goods for resale	**58,669**	51,469	**45,172**	47,109

The cost of inventories recognised as expenses and included in cost of sales for the 53 weeks ended 02 February 2008 was £303,092,000 (2007: £280,078,000).

18. TRADE AND OTHER RECEIVABLES

	GROUP 2008 £000	GROUP 2007 £000	COMPANY 2008 £000	COMPANY 2007 £000
CURRENT ASSETS				
Trade receivables	**2,235**	477	**618**	477
Other receivables	**167**	86	**5**	-
Prepayments and accrued income	**13,497**	12,449	**10,657**	10,610
Amounts owed by other Group companies	**-**	-	**36,529**	11,238
	15,899	13,012	**47,809**	22,325

The ageing of trade receivables is detailed below:

GROUP	2008 Gross £000	2008 Provision £000	2008 Net £000	2007 Gross £000	2007 Provision £000	2007 Net £000
Not past due - 60 days	1,951	-	1,951	469	-	469
Past 60 days	426	(142)	284	14	(6)	8
	2,377	(142)	2,235	483	(6)	477

COMPANY	2008 Gross £000	2008 Provision £000	2008 Net £000	2007 Gross £000	2007 Provision £000	2007 Net £000
Not past due - 60 days	584	-	584	469	-	469
Past 60 days	40	(6)	34	14	(6)	8
	624	(6)	618	483	(6)	477

The Board consider that the carrying amount of trade and other receivables approximate their fair value. Concentrations of credit risk with respect to trade receivables are limited due to the majority of the Group's customer base being large and unrelated. Therefore, no further credit risk provision is required in excess of the normal provision for impairment losses, which has been calculated following individual assessments of credit quality based on historic default rates and knowledge of debtor insolvency or other credit risk. Movement on this provision is shown below:

	GROUP £000	COMPANY £000
At 28 January 2006	72	72
Utilised	(66)	(66)
At 27 January 2007	6	6
On acquisition of subsidiaries	136	-
At 02 February 2008	**142**	**6**

The other classes within trade and other receivables do not contain impaired assets.

Included within prepayments and accrued income for the Group and Company is £217,000 (2007: £259,000) in relation to deferred costs incurred in setting up the current bank facility (see note 20).

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

19. CASH AND CASH EQUIVALENTS

	GROUP 2008 £000	GROUP 2007 £000	COMPANY 2008 £000	COMPANY 2007 £000
Bank balances and cash floats	**11,969**	11,230	**9,343**	11,425

20. INTEREST BEARING LOANS AND BORROWINGS

	GROUP 2008 £000	GROUP 2007 £000	COMPANY 2008 £000	COMPANY 2007 £000
CURRENT LIABILITIES				
Obligations under finance leases and similar hire purchase contracts	**51**	11	**-**	-
Loan notes	**83**	95	**83**	95
	134	106	**83**	95
NON-CURRENT LIABILITIES				
Loan notes	**83**	192	**83**	192

The following note provides information about the contractual terms of the Group and Company's interest bearing loans and borrowings.

For more information about the Group and Company's exposure to interest rate risk, see note 21.

BANK FACILITIES

The Group has a £70,000,000 revolving facility which expires on 18 October 2011. Under this facility, a maximum of 10 drawdowns may be outstanding at any time with drawdowns made for a period of one, two, three or six months with interest currently payable at a rate of LIBOR plus a margin of 0.75% (2007: 0.95%). The commitment fee on the undrawn element of the facility is 45% of the applicable margin rate.

At 02 February 2008, there were no amounts drawdown on this facility (2007: £nil).

FINANCE LEASES AND SIMILAR HIRE PURCHASE CONTRACTS

The maturity of obligations under finance leases and similar hire purchase contracts is as follows:

	GROUP 2008 £000	GROUP 2007 £000	COMPANY 2008 £000	COMPANY 2007 £000
Within one year	**51**	11	**-**	-

Amounts owed under finance leases and similar hire purchase contracts are secured on the assets to which they relate with interest charged at rates of 10% to 21%. No new finance leases or similar hire purchase contracts were entered into in the period. All of the agreements in place as at 02 February 2008 were entered into by Topgrade Sportswear Limited prior to its acquisition by the Company on 07 November 2007.

Future minimum lease payments under finance leases and similar hire purchase contracts together with the value of the principle are as follows:

GROUP	Minimum lease payments 2008 £000	Interest 2008 £000	Principal 2008 £000	Minimum lease payments 2007 £000	Interest 2007 £000	Principal 2007 £000
Within one year	60	(9)	51	12	(1)	11

LOAN NOTES

The maturity of the loan notes is as follows:

	GROUP 2008 £000	GROUP 2007 £000	COMPANY 2008 £000	COMPANY 2007 £000
Within one year	**83**	95	**83**	95
Between one and two years	**83**	96	**83**	96
Between two and five years	**-**	96	**-**	96
	166	287	**166**	287

The loan notes do not carry interest and are redeemable at par in two equal annual installments commencing 29 December 2008.

21. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS
The Group's financial assets are all categorised as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise 'Trade and other receivables', 'Cash and cash equivalents' and 'Loan notes receivable from joint venture' included within 'Other non-current receivables' in the balance sheet.

Cash and cash equivalents comprise short-term cash deposits with major United Kingdom and European clearing banks and earn floating rates of interest based upon bank base rates or rates linked to LIBOR. The currency profile of cash and cash equivalents is shown below:

GROUP	2008 £000	2007 £000
Bank balances and cash floats	**11,969**	11,230
Sterling	**6,218**	10,523
Euros	**5,067**	464
US Dollars	**684**	243
	11,969	11,230

COMPANY	2008 £000	2007 £000
Bank balances and cash floats	**9,343**	11,425
Sterling	**3,833**	10,718
Euros	**4,826**	464
US Dollars	**684**	243
	9,343	11,425

Other financial assets are all denominated in sterling.

FINANCIAL LIABILITIES
The Group's financial liabilities are all categorised as other financial liabilities. Other financial liabilities are measured at amortised cost. The Group's other financial liabilities comprise 'Interest bearing loans and borrowings' and 'Trade and other payables'.

RISK MANAGEMENT
The Group's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, interest rates, credit risk and its liquidity position. The Group manages these risks through the use of derivative instruments, which are reviewed on a regular basis. Derivative instruments are not entered into for speculative purposes.

Interest rate risk
The Group finances its operations by a mixture of retained profits and bank borrowings. Other than a small proportion of finance lease borrowing at fixed interest rates, the Group's borrowings are at floating rates, partially hedged by floating rate interest on deposits, reflecting the seasonality of its cash flow.

Interest rate risk therefore arises from bank borrowings. The Board regularly reviews the interest rate risk of the Group and uses interest rate swaps to minimise exposure to interest rate fluctuations where appropriate. Given that the facility is not drawndown at certain times of the year, the Board did not consider that an interest rate swap on the floating rate facility was necessary as at 02 February 2008. The net fair value of swap liabilities at 02 February 2008 was £nil (2007: £5,000).

The Group has potential bank floating rate financial liabilities on the £70,000,000 revolving credit facility, although there were no drawdowns from this facility at 02 February 2008 (2007: £nil). When drawdowns are made, the Group is exposed to cash flow interest risk with interest paid on its bank floating rate liabilities at a rate of LIBOR plus a margin of 0.75% (2007: 0.95%).

The Group pays interest on its finance leases and similar hire purchase contracts at market interest rates. Although the rates vary between agreements, the rates on each individual agreement are fixed for the whole term with the interest range being between 10% to 21% (see note 20).

A change of 1% in the average interest rates during the year, applied to the average net cash/debt position of the Group during the period, would change profit before tax by £6,000 (2007: £252,000). This assumes that all other variables remain unchanged.

Foreign currency risk
The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than pound sterling. The currencies giving rise to this risk are the Euro and U.S. Dollar with sales made in Euros and purchases made in both Euros and U.S. Dollars (principal exposure). To protect its foreign currency position, the Group sets a buying rate for the purchase of goods in U.S. dollars at the start of the buying season (typically six to nine months before the product actually starts to appear in the stores) and then enters into a number of Euro/Dollar and Sterling/Dollar options whereby the minimum exchange rate on the purchase of dollars is guaranteed.

As at 02 February 2008, options have been entered into to protect approximately 70% of the U.S. Dollar requirement for the period to July 2008, which represents the end of the spring/summer buying season. The balance of the U.S. Dollar requirement for the spring/summer buying season will be satisfied at spot rates. Hegde accounting is not applied.

21. FINANCIAL INSTRUMENTS (CONTINUED)

As at 02 February 2008, the fair value of these instruments was a liability of £347,000 (2007: £40,000) which has been included within current liabilities.

A 10% strengthening of sterling relative to the Euro and the U.S. Dollar as at the balance sheet date would have reduced profit before tax by £523,000 (2007: £68,000). A 10% weakening of sterling relative to the Euro and the U.S. Dollar as at the balance sheet date would have increased profit before tax by £575,000 (2007: £80,000). These figures assume that all other variables remain unchanged.

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through major United Kingdom and European clearing banks, which must meet minimum credit ratings as required by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for impairment where amounts are not thought to be recoverable (see note 18).

Liquidity risk
The Group manages its cash and borrowing requirement to minimise net interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the business. The forecast cash and borrowing profile of the Group is monitored on an ongoing basis, to ensure that adequate headroom remains under committed borrowing facilities.

All of the Groups financial liabilities as at 02 February 2008 and 27 January 2007 have a contractual maturity date falling within a period of one year from the balance sheet date.

As at 02 February 2008, there are undrawn committed facilities with a maturity profile as follows:

	2008 £000	2007 £000
Expiring in more than three years but no more than four years	**70,000**	-
Expiring in more than four years but no more than five years	**-**	70,000
	70,000	70,000

The commitment fee on these facilities is 0.34% (2007: 0.43%).

FAIR VALUES
The fair values together with the carrying amounts shown in the balance sheet are as follows:

		GROUP		COMPANY	
	Note	Carrying amount 2008 £000	Fair value 2008 £000	Carrying amount 2008 £000	Fair value 2008 £000
Trade and other receivables	18	15,899	15,899	47,809	47,809
Cash and cash equivalents	19	11,969	11,969	9,343	9,343
Finance lease and similar hire purchase contracts	20	(51)	(51)	-	-
Loan notes	20	(166)	(152)	(166)	(152)
Trade and other payables - current	22	(80,389)	(80,389)	(62,177)	(62,177)
Trade and other payables - non-current	22	(11,839)	(11,839)	(17,939)	(17,939)
		(64,577)	(64,563)	(23,130)	(23,116)
Unrecognised gains			14		14

The comparatives at 27 January 2007 are as follows:

		GROUP		COMPANY	
	Note	Carrying amount 2007 £000	Fair value 2007 £000	Carrying amount 2007 £000	Fair value 2007 £000
Trade and other receivables	18	13,012	13,012	22,325	22,325
Cash and cash equivalents	19	11,230	11,230	11,425	11,425
Finance lease and similar hire purchase contracts	20	(11)	(11)	-	-
Loan notes	20	(287)	(257)	(287)	(257)
Interest rate swap liabilities		-	(5)	-	(5)
Trade and other payables - current	22	(58,849)	(58,849)	(54,838)	(54,838)
Trade and other payables - non-current	22	(8,189)	(8,189)	(14,588)	(14,588)
		(43,094)	(43,069)	(35,963)	(35,938)
Unrecognised gains			25		25

In the opinion of the Board, the fair value of the Groups financial assets and liabilities as at 02 February 2008 and 27 January 2007 are not considered materially different to that of the book value. On this basis, the carrying amounts have not been adjusted for the fair values.

21. FINANCIAL INSTRUMENTS (CONTINUED)

ESTIMATION OF FAIR VALUES

The major methods and assumptions used in estimating the fair values of financial instruments reflected in the table are as follows:

Finance lease and similar hire purchase contracts
The fair value is estimated as the present value of future cash flows, discounted at market rates for homogeneous lease agreements (7% - 10%). The estimated fair value reflects changes in interest rates.

Loan notes
The loan notes have been discounted at a rate of 6.0% (2007: 5.5%).

Interest rate swap liabilities on unsecured bank loan
The fair value of the interest rate swap liabilities on the previous term loan facility is calculated on the discounted expected future interest cash flows.

Trade and other receivables/payables
For trade and other receivables/payables (as adjusted for the fair value of the foreign exchange contracts), the notional amount is deemed to reflect the fair value.

22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2008 £000	2007 £000	**2008 £000**	2007 £000
CURRENT LIABILITIES				
Trade payables	**33,818**	26,937	**26,018**	25,052
Other payables and accrued expenses	**36,349**	20,555	**28,963**	19,137
Other tax and social security costs	**10,222**	11,357	**7,196**	10,649
	80,389	58,849	**62,177**	54,838
NON-CURRENT LIABILITIES				
Other payables and accrued expenses	**11,839**	8,189	**11,357**	8,006
Amounts payable to other group companies	**-**	-	**6,582**	6,582
	11,839	8,189	**17,939**	14,588

23. PROVISIONS

Provisions relate to costs on onerous property leases and represent anticipated minimum contractual lease costs less potential sublease income for vacant properties. For loss making trading stores, provision is made to the extent that the lease is deemed to be onerous. The provisions are discounted where the effect is material. The discount rate used is 9.0% (2007: 9.0%) (see note 11).

GROUP	Current £000	Non-current £000	Total £000
Balance at 27 January 2007	2,130	4,829	6,959
Provisions created during the period	1,995	1,516	3,511
Provisions acquired in the period	144	993	1,137
Provisions released during the period	(899)	(2,612)	(3,511)
Provisions utilised during the period	(1,477)	-	(1,477)
Balance at 02 February 2008	**1,893**	**4,726**	**6,619**

COMPANY	Current £000	Non-current £000	Total £000
Balance at 27 January 2007	1,531	1,707	3,238
Provisions created during the period	1,636	1,644	3,280
Provisions released during the period	(785)	-	(785)
Provisions utilised during the period	(944)	-	(944)
Balance at 02 February 2008	**1,438**	**3,351**	**4,789**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

24. DEFERRED TAX ASSETS AND LIABILITIES

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

GROUP	Assets 2008 £000	Assets 2007 £000	Liabilities 2008 £000	Liabilities 2007 £000	Net 2008 £000	Net 2007 £000
Property, plant and equipment	-	-	1,147	1,049	1,147	1,049
Chargeable gains held over/rolled over	-	-	332	1,160	332	1,160
Lease variations	(603)	(588)	-	-	(603)	(588)
General accruals	(830)	(50)	-	-	(830)	(50)
Tax (assets)/liabilities	(1,433)	(638)	1,479	2,209	46	1,571

MOVEMENT IN DEFERRED TAX DURING THE PERIOD

GROUP	Property, plant and equipment	Chargeable gains held over/ rolled over	Lease variations and other items	Tax losses	Total
Balance at 28 January 2006	2,045	-	(328)	(100)	1,617
Recognised in income	(996)	1,160	(310)	100	(46)
Balance at 27 January 2007	1,049	1,160	(638)	-	1,571
On acquisition	37	-	-	-	37
Recognised in income	61	(828)	(795)	-	(1,562)
Balance at 02 February 2008	**1,147**	**332**	**(1,433)**	**-**	**46**

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

COMPANY	Assets 2008 £000	Assets 2007 £000	Liabilities 2008 £000	Liabilities 2007 £000	Net 2008 £000	Net 2007 £000
Property, plant and equipment	-	-	1,278	968	1,278	968
Chargeable gains held over/rolled over	-	-	332	1,160	332	1,160
Lease variations	(470)	(588)	-	-	(470)	(588)
General accruals	(830)	(50)	-	-	(830)	(50)
Tax (assets)/liabilities	(1,300)	(638)	1,610	2,128	310	1,490

MOVEMENT IN DEFERRED TAX DURING THE PERIOD

COMPANY	Property, plant and equipment	Chargeable gains held over/ rolled over	Lease variations and other items	Total
Balance at 28 January 2006	1,951	-	(295)	1,656
Recognised in income	(983)	1,160	(343)	(166)
Balance at 27 January 2007	968	1,160	(638)	1,490
Recognised in income	310	(828)	(662)	(1,180)
Balance at 02 February 2008	**1,278**	**332**	**(1,300)**	**310**

25. CAPITAL AND RESERVES

ISSUED ORDINARY SHARE CAPITAL

GROUP AND COMPANY	Number of ordinary shares thousands	Ordinary share capital £000
At 27 January 2007 and 02 February 2008	48,263	2,413

The total number of authorised ordinary shares was 62,150,000 (2007: 62,150,000) with a par value of 5p per share (2007: 5p per share). All issued shares are fully paid.

25. CAPITAL AND RESERVES (CONTINUED)

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

GROUP	Ordinary share capital £000	Share premium £000	Retained earnings £000	Minority interest £000	Total equity £000
Balance at 28 January 2006	2,413	10,823	41,357	-	54,593
Total recognised income and expense	-	-	10,388	-	10,388
Dividends to shareholders (see note 26)	-	-	(3,379)	-	(3,379)
Balance at 27 January 2007	2,413	10,823	48,366	-	61,602
Minority interest on acquisition	-	-	-	1,144	1,144
Total recognised income and expense	-	-	23,549	38	23,587
Dividends to shareholders (see note 26)	-	-	(3,524)	-	(3,524)
Balance at 02 February 2008	**2,413**	**10,823**	**68,391**	**1,182**	**82,809**

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

COMPANY	Ordinary share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 28 January 2006	2,413	10,823	41,620	54,856
Total recognised income and expense	-	-	12,210	12,210
Dividends to shareholders (see note 26)	-	-	(3,379)	(3,379)
Balance at 27 January 2007	2,413	10,823	50,451	63,687
Total recognised income and expense	-	-	24,387	24,387
Dividends to shareholders (see note 26)	-	-	(3,524)	(3,524)
Balance at 02 February 2008	**2,413**	**10,823**	**71,314**	**84,550**

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued share capital, share premium and retained earnings. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes to the Group's approach to capital management during the period.

Full disclosure on the rights attached to shares is provided in the Directors' Report on page 22.

26. DIVIDENDS

After the balance sheet date the following dividends were proposed by the Directors. The dividends were not provided for at the balance sheet date.

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
6.00p per ordinary share (2007: 4.80p)	2,896	2,317

DIVIDENDS ON ISSUED ORDINARY SHARE CAPITAL

	53 weeks to 02 February 2008 £000	52 weeks to 27 January 2007 £000
Final dividend of 4.80p (2007: 4.60p) per qualifying ordinary share paid in respect of prior period, but not recognised as a liability in that period	2,317	2,221
Interim dividend of 2.50p (2007: 2.40p) per qualifying ordinary share paid in respect of current period	1,207	1,158
	3,524	3,379

27. COMMITMENTS

GROUP

(i) Capital commitments

During the period ended 02 February 2008 the Group entered into contracts to purchase property, plant and equipment as follows:

	02 February 2008 £000	27 January 2007 £000
Contracted	4,072	2,320

These commitments are expected to be settled in the following financial period.

(ii) Operating lease commitments

The Group leases various retail outlets, offices, warehouses, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Undiscounted total future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings 2008 £000	Plant and equipment 2008 £000	Land and buildings 2007 £000	Plant and equipment 2007 £000
Within one year	74,072	818	57,615	828
Later than one year and not later than five years	271,984	820	213,055	154
After five years	294,301	-	262,148	-
	640,357	1,638	532,818	982

The future minimum rentals payable on land and buildings represent the base rents that are due on each property. Certain properties have rents which are partly dependent on turnover levels in the individual store concerned.

(iii) Sublease receipts

The Group subleases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The total future minimum operating sublease receipts expected to be received at 02 February 2008 are as follows:

	2008 £000	2007 £000
Within one year	614	156
Later than one year and not later than five years	2,293	621
After five years	3,794	394
	6,701	1,171

COMPANY

(i) Capital commitments

During the period ended 02 February 2008 the Company entered into contracts to purchase property, plant and equipment as follows:

	02 February 2008 £000	27 January 2007 £000
Contracted	3,730	2,070

These commitments are expected to be settled in the following financial period.

(ii) Operating lease commitments

The Company leases various retail outlets, offices, warehouses, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Undiscounted total future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings 2008 £000	Plant and equipment 2008 £000	Land and buildings 2007 £000	Plant and equipment 2007 £000
Within one year	52,322	598	51,801	798
Later than one year and not later than five years	187,095	592	192,244	113
Later than one year and not later than five years	188,675	-	228,628	-
	428,092	1,190	472,673	911

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. COMMITMENTS (CONTINUED)

(iii) Sublease receipts
The Company subleases various retail outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The total future minimum operating sublease receipts expected to be received at 02 February 2008 are as follows:

	2008 £000	2007 £000
Within one year	**535**	156
Later than one year and not later than five years	**1,994**	621
Later than one year and not later than five years	**3,414**	394
	5,943	1,171

28. PENSION SCHEMES

The Group only operates defined contribution pension schemes. The pension charge for the period represents contributions payable by the Group of £333,000 (2007: £268,000) in respect of employees, and £41,000 (2007: £32,000) in respect of directors. The amount owed to the schemes at the period end was £42,000 (2007: £38,000).

29. ANALYSIS OF NET CASH

GROUP	At 27 January 2007 £000	On acquisition of subsidiary £000	Cash flow £000	At 02 February 2008 £000
Cash at bank and in hand	11,230	189	550	**11,969**
CASH AND CASH EQUIVALENTS	**11,230**	**189**	**550**	**11,969**
Interest bearing loans and borrowings:				
Current	-	(18,796)	18,796	**-**
Loan notes	(287)	-	121	**(166)**
Finance leases and similar hire purchase contracts	(11)	(59)	19	**(51)**
	10,932	**(18,666)**	**19,486**	**11,752**

COMPANY	At 27 January 2007 £000	Cash flow £000	At 02 February 2008 £000
Cash at bank and in hand	11,425	(2,082)	**9,343**
CASH AND CASH EQUIVALENTS	**11,425**	**(2,082)**	**9,343**
Interest bearing loans and borrowings:			
Loan notes	(287)	121	**(166)**
	11,138	**(1,961)**	**9,177**

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

30. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions and balances with related parties during the period were as follows:

RELATED PARTY - PENTLAND GROUP PLC
Pentland Group Plc owns 57% of the issued ordinary share capital of The John David Group Plc.

GROUP	Value of transactions 2008 £000	(Payable) /receivable at period end 2008 £000	Value of transactions 2007 £000	(Payable) /receivable at period end 2007 £000
Concession fee income	(147)	-	(504)	-
Purchases of inventory for retail	(26,238)	-	(26,333)	-
Other income	203	-	64	-
Payments (gross including VAT)	(30,897)	-	(29,588)	-
Receipts (gross including VAT)	239	-	76	-
Trade payables (gross including VAT)	-	(1,574)	-	(2,573)

RELATED PARTY - PENTLAND GROUP PLC

COMPANY	Value of transactions 2008 £000	(Payable) /receivable at period end 2008 £000	Value of transactions 2007 £000	(Payable) /receivable at period end 2007 £000
Concession fee income	-	-	(504)	-
Purchase of inventory for retail	(23,930)	-	(24,461)	-
Other income	157	-	64	-
Payments (gross including VAT)	(27,953)	-	(26,975)	-
Receipts (gross including VAT)	184	-	76	-
Trade payables (gross including VAT)	-	(1,315)	(2,281)	-

Unless otherwise stated the amounts above are stated net of VAT.

RELATED PARTY - ATHLEISURE LIMITED

COMPANY	Value of transactions 2008 £000	(Payable) /receivable at period end 2008 £000	Value of transactions 2007 £000	(Payable) /receivable at period end 2007 £000
Amounts owed to The John David Group Plc	-	6,638	-	6,638

RELATED PARTY - RD SCOTT LIMITED

COMPANY	Value of transactions 2008 £000	(Payable) /receivable at period end 2008 £000	Value of transactions 2007 £000	(Payable) /receivable at period end 2007 £000
Purchase of inventory	-	-	(8,360)	-
Intercompany balance capitalised into share capital	-	-	1,000	-
Store assets legally transferred to RD Scott Limited	-	-	1,709	-
Income tax group relief	537	-	134	-
Amounts owed to The John David Group Plc	-	9,245	-	4,600

On 12 October 2006, £1,000,000 of the intercompany balance due from RD Scott Limited was converted into share capital with 500 ordinary shares of £1 each allotted at this time. On 25 November 2006, the Company legally transferred the trade and assets of 25 stores to RD Scott Limited. The consideration equated to the book value of the assets at this time.

30. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

RELATED PARTY - JOHN DAVID SPORTS FASHION (IRELAND) LIMITED

COMPANY	Value of transactions 2008 £000	(Payable) /receivable at period end 2008 £000	Value of transactions 2007 £000	(Payable) /receivable at period end 2007 £000
Sale of inventory	1,725	-	-	-
Other income	514	-	-	-
Store assets legally transferred to John David Sports Fashion (Ireland) Limited	2,339	-	-	-
Amounts owed to The John David Group Plc	-	2,136	-	-

On 26 November 2007, the Company legally transferred the trade and assets of 5 stores to John David Sports Fashion (Ireland) Limited. The consideration equated to the book value of the assets at this time.

RELATED PARTY - FOCUS BRANDS LIMITED

GROUP	Value of transactions 2008 £000	(Payable) /receivable at period end 2008 £000	Value of transactions 2007 £000	(Payable) /receivable at period end 2007 £000
Purchase of inventory	(714)	-	-	-
Rental income	54	-	-	-
Interest income	28	-	-	-
Payments (gross including VAT)	(1,475)	-	-	-
Trade payables (gross including VAT)	-	(123)	-	-
Loan notes receivable	-	2,479	-	-

COMPANY	Value of transactions 2008 £000	(Payable) /receivable at period end 2008 £000	Value of transactions 2007 £000	(Payable) /receivable at period end 2007 £000
Purchase of inventory	(708)	-	-	-
Rental income	54	-	-	-
Interest income	28	-	-	-
Payments (gross including VAT)	(1,448)	-	-	-
Trade payables (gross including VAT)	-	(124)	-	-
Loan notes receivable	-	2,479	-	-

The figures highlighted above for 2008 are based on the period post acquisition from 03 December 2007 to 02 February 2008.

RELATED PARTY - BANK STORES HOLDINGS LIMITED

COMPANY	Value of transactions 2008 £000	(Payable) /receivable at period end 2008 £000	Value of transactions 2007 £000	(Payable) /receivable at period end 2007 £000
Amounts owed to The John David Group Plc	-	18,510	-	-

The figures highlighted above for 2008 are based on the period post acquisition from 07 December 2007 to 02 February 2008.

There have been no transactions in the year (2007: £nil) and there are no balances outstanding (2007: £nil) with the other subsidiary undertakings of the Company, as listed in note 33.

31. CONTINGENT LIABILITY

The Group has provided a guarantee on an interest bearing loan of £6,500,000 in Focus Brands Limited. This guarantee has been provided in conjunction with the other shareholders on a several basis with each shareholder guaranteeing the loan in line with their relative shareholding. As at 02 February 2008, the Group and Company's contingent liability on this loan was £3,185,000 (2007: £nil).

32. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Pentland Group Plc which is also the ultimate parent company. Pentland Group Plc is incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Pentland Group Plc. The results of Pentland Group Plc maybe obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company has taken advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes. The total recognised income and expense for the parent included in these consolidated financial statements is £24,387,000 (2007: £12,210,000). The consolidated financial statements of The John David Group Plc are available to the public and may be obtained from The Company Secretary, The John David Group Plc, Hollinsbrook Way, Pilsworth, Bury, BL9 8RR or online at www.thejohndavidgroup.com.

33. PRINCIPAL SUBSIDIARY UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

The following companies were the principal subsidiary undertakings and jointly controlled entities of The John David Group Plc at 02 February 2008.

	Place of registration	Nature of business and operation	Ownership interest	Voting rights interest
NAME OF SUBSIDIARY				
John David Sports Fashion (Ireland) Limited	Ireland	Retailer of sports clothing and footwear	100%	100%
John David Sports Limited	UK	Dormant	100%	100%
JD Sports Fashion Group Limited	UK	Dormant	100%	100%
JD Sports Limited	UK	Dormant	100%	100%
Athleisure Limited	UK	Intermediate holding company	100%	100%
First Sport Limited*	UK	Dormant	100%	100%
Allsports Retail Limited*	UK	Dormant	100%	100%
Allsports.co.uk Limited*	UK	Dormant	100%	100%
The Sports Shop (Fife) Limited*	UK	Dormant	100%	100%
Jog Shop Limited*	UK	Dormant	100%	100%
RD Scott Limited	UK	Retailer of fashion clothing and footwear	100%	100%
Bank Stores Holdings Limited	UK	Intermediate holding company	100%	100%
Bank Stores Financing Limited*	UK	Intermediate holding company	100%	100%
Bank Fashion Limited*	UK	Retailer of fashion clothing and footwear	100%	100%
Hoss Ventures Limited*	UK	Dormant	100%	100%
Hallco 1521 Limited	UK	Intermediate holding company	51%	51%
Topgrade Sportswear Limited*	UK	Wholesaler of sports clothing and footwear	51%	51%
Hallco 1531 Limited*	UK	Dormant	51%	51%
Topgrade Trading Limited*	UK	Dormant	51%	51%
NAME OF JOINTLY CONTROLLED ENTITY				
Focus Brands Limited	UK	Wholesaler of sports clothing and footwear	49%	50%

*Indirect holding of the Company.

FIVE YEAR RECORD
CONSOLIDATED INCOME STATEMENTS

	PREPARED UNDER UK GAAP		PREPARED UNDER ADOPTED IFRSs			
	Year ended 31 January 2004 £000	52 weeks to 29 January 2005 £000	52 weeks to 29 January 2005 £000	52 weeks to 28 January 2006 £000	52 weeks to 27 January 2007 £000	**53 weeks to 02 February 2008 £000**
REVENUE	458,073	471,656	471,656	490,288	530,581	**592,240**
Cost of sales	(249,379)	(256,504)	(256,504)	(263,608)	(278,331)	**(300,813)**
GROSS PROFIT	208,694	215,152	215,152	226,680	252,250	**291,427**
Selling and distribution expenses - normal	(186,117)	(185,437)	(186,230)	(192,730)	(209,270)	**(222,720)**
Selling and distribution expenses - exceptional	(1,366)	(7,987)	(8,603)	(11,206)	(3,799)	**(8,404)**
Selling and distribution expenses	(187,483)	(193,424)	(194,833)	(203,936)	(213,069)	**(231,124)**
Administrative expenses - normal	(13,503)	(13,589)	(12,777)	(15,438)	(17,409)	**(25,774)**
Administrative expenses - exceptional	(612)	(736)	(736)	(1,777)	(4,000)	**-**
Administrative expenses	(14,115)	(14,325)	(13,513)	(17,215)	(21,409)	**(25,774)**
Other operating income	638	953	953	1,609	1,730	**1,086**
OPERATING PROFIT	7,734	8,356	7,759	7,138	19,502	**35,615**
Before exceptional items and goodwill amortisation	10,498	17,891	17,098	20,121	27,301	**44,019**
Exceptional items	(1,978)	(8,723)	(9,339)	(12,983)	(7,799)	**(8,404)**
Goodwill amortisation	(786)	(812)	-	-		**-**
OPERATING PROFIT	7,734	8,356	7,759	7,138	19,502	**35,615**
Loss on disposal of fixed assets	(1,095)	(1,569)	-	-	-	**-**
OPERATING PROFIT BEFORE FINANCING AND SHARE OF RESULTS OF JOINT VENTURE	6,639	6,787	7,759	7,138	19,502	**35,615**
Share of results of joint venture	-	-	-	-	-	**(145)**
Financial income	100	304	304	230	177	**297**
Financial expenses	(4,634)	(4,461)	(4,461)	(3,718)	(2,412)	**(764)**
PROFIT BEFORE TAX	2,105	2,630	3,602	3,650	17,267	**35,003**
Income tax expense	(1,457)	(1,293)	(1,341)	(1,302)	(6,879)	**(11,416)**
PROFIT FOR THE PERIOD	648	1,337	2,261	2,348	10,388	**23,587**
Attributable to equity holders of the parent	648	1,337	2,261	2,348	10,388	**23,549**
Attributable to minority interest	-	-	-	-	-	**38**
BASIC EARNINGS PER ORDINARY SHARE	1.39p	2.85p	4.81p	4.92p	21.52p	**48.79p**
ADJUSTED BASIC EARNINGS PER ORDINARY SHARE (I)	6.21p	18.39p	18.62p	25.32p	36.41p	**57.05p**
DIVIDENDS PER ORDINARY SHARE (II)	6.50p	6.60p	6.60p	6.90p	7.20p	**8.50p**

(i) Adjusted basic earnings per ordinary share is based on earnings before certain exceptional items and amortisation (see note 10).
(ii) Represents dividends declared for the year. Under Adopted IFRSs dividends are only accrued when approved.

FINANCIAL CALENDAR

FINAL RESULTS ANNOUNCED	15 APRIL 2008
FINAL DIVIDEND RECORD DATE	09 MAY 2008
FINANCIAL STATEMENTS PUBLISHED	MAY 2008
ANNUAL GENERAL MEETING	26 JUNE 2008
FINAL DIVIDEND PAYABLE	04 AUGUST 2008
INTERIM RESULTS ANNOUNCED	SEPTEMBER 2008
PERIOD END (52 WEEKS)	31 JANUARY 2009
FINAL RESULTS ANNOUNCED	APRIL 2009

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OTHER WEBSITES
www.bankfashion.co.uk

The Board wishes to express its thanks to the marketing department for the in-house production of this Annual Report and Accounts.