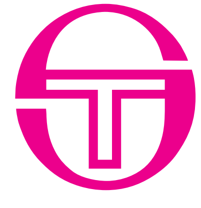

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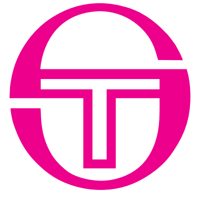
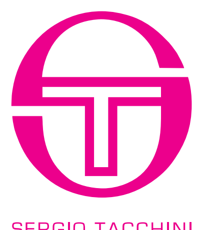
jdsportsfashionplc





jdsportsfashion plc

Annual Report and Accounts 2011

size?

scotts

BANK

chausport

KOOGA

mckenzie.

Nicholas Deakins

sonneti

SERGIO TACCHINI

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www.chausport.com
www.getthelabel.com
www.champion.ie
www.canterbury.com
www.canterburynz.com.au
www.canterburynz.net.nz
www.canterburynzusa.com
www.kooga-rugby.com
www.kukrisports.com
www.nicholasdeakins.com

Other websites
www.thedufferofstgeorge.com

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There's only one King of Trainers
JD
JDSPORTS.CO.UK
JCDecaux
Première

You are now entering JD country

Large format outdoor media, Trafford, Manchester
Manchester United vs Manchester City, 11 February 2011

A selection of footwear from the JD Easter 2011 campaign

Summary of Key Performance Indicators

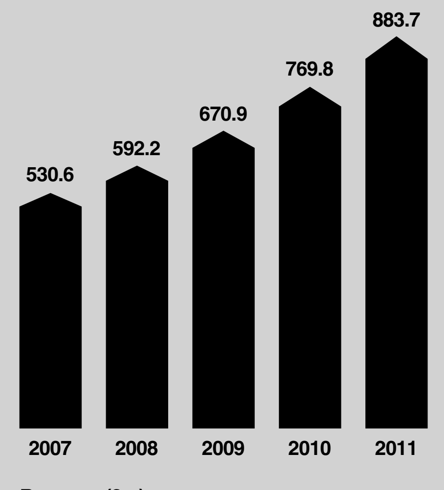
	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000	% Change
Revenue	**883,669**	769,785	+14.8
Gross profit %	**49.5%**	49.3%	
Operating profit (before exceptional items)	**79,927**	67,294	+18.8
Profit before tax and exceptional items	**81,565**	67,391	+21.0
Exceptional items (i)	**(4,284)**	(4,986)	
Operating profit	**75,643**	62,308	+21.4
Profit before tax	**78,629**	61,393	+28.1
Basic earnings per ordinary share	**114.84p**	88.16p	+30.3
Adjusted basic earnings per ordinary share	**116.86p**	93.64p	+24.8
Total dividend payable per ordinary share	**23.00p**	18.00p	+27.8
Net cash at end of year (ii)	**86,140**	60,465	

(i) Excludes share of exceptional items of joint venture

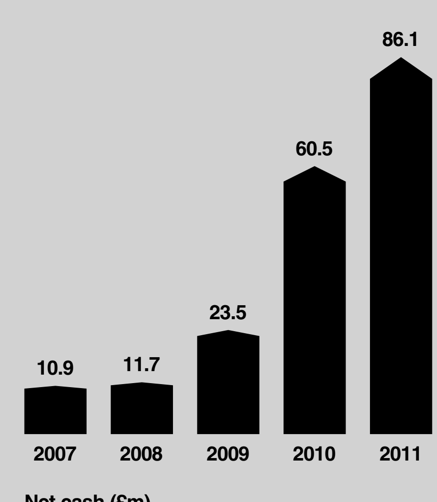
(ii) Net cash consists of cash and cash equivalents together with interest-bearing loans and borrowings

Business Highlights

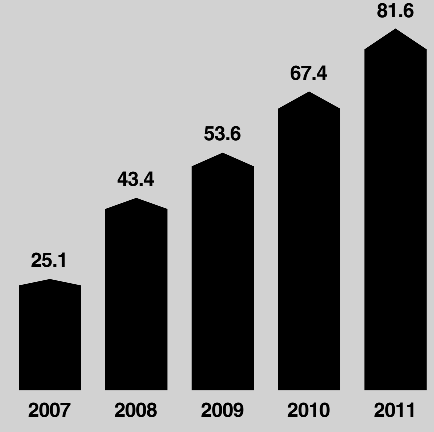
- Total revenue increased by 14.8% to £883.7 million (2010: £769.8 million) with like for like revenue increased by 3.1% (Sports Fascias 3.8%; Fashion Fascias -0.7%)
- Gross margin improved to 49.5% (2010: 49.3%) with increased margin in all reporting segments although the increase is diluted by greater participation in Group performance from lower margin distribution businesses which now represent 9.5% of Group revenue (2010: 5.4%)
- Group profit before tax and exceptional items up 21% to £81.6 million (2010: £67.4 million)
- Profit before tax up 28% to £78.6 million (2010: £61.4 million)
- Net cash position at the period end increased to £86.1 million (2010: £60.5 million)
- Acquisition of Sonneti, Chilli Pepper and Nanny State brands
- Capital expenditure increased by £10.1 million to £33.0 million (2010: £22.9 million) which included the first three JD stores in France
- The new leased warehouse building shell in Rochdale (866,250 sq ft including mezzanines) has now been handed over by the developers and the fit out process has started. Total anticipated fit out costs are approximately £20.0 million of which £3.9 million was incurred in the year. The move to full operational use will be phased through the early months of 2012
- Final dividend payable increased by 31% to 19.2p (2010: 14.7p) bringing the total dividends payable for the year up to 23.0p (2010: 18.0p), an increase of 28% with a cumulative rise of 92% over the last two years
- Acquisition of Champion completed post year end, enhancing presence in the Republic of Ireland



Revenue (£m)



Net cash (£m)



Profit before tax and exceptional items (£m)

The Group at a Glance

Established in 1981 with a single store in Bury, in the North West of England, JD Sports Fashion Plc is now an international retailer and distributor of sport and athletic inspired fashion clothing and footwear.

The Group now has over 500 stores across a number of retail fascias and is proud of the fact that it provides its customers with the latest products from the very best brands.

The Group also operates on-line businesses for these retail fascias, providing the Group with a truly multichannel, international platform.

JD is acknowledged as the leading specialist multiple retailer of fashionable branded and own brand sports and casual wear in the UK and Republic of Ireland, combining globally recognised brands such as Nike and Adidas with strong own brand labels such as Mckenzie, Carbrini and The Duffer of St George. JD has also now been introduced to the European market with the opening of our first 3 stores in France.

size?

Size? was originally established to trial edgier brands and footwear styles before introducing them to the mass market through the JD fascia. Size? is positioned as an 'independent' retailer with each store having its own feel and loyal catchment. Size? has recently celebrated its 10th birthday.

scotts

Scotts targets an older, more affluent male consumer with brands such as Duck & Cover, Henri Lloyd, Firetrap and Penguin, amongst others.

BANK

Bank is aimed at the young male and female, branded fashion-conscious consumer, selling fast fashion brands such as Superdry, Paul's Boutique, Lipsy and Jack & Jones, as well as own brands such as Ribbon and Rivington. The Bank fascia continues to expand throughout the UK and will open its first store in Northern Ireland in April 2011.

chausport

Chausport was acquired in May 2009 and sells a strong range of international brands such as Nike, Adidas and Le Coq Sportif together with brands more specific to the French market such as Redskins.

CHAMPION

Champion was acquired in April 2011 and is one of the leading retailers of sports apparel and footwear in the Republic of Ireland with 22 stores in premium locations in town centres and shopping centres. In addition, it also has one store in Northern Ireland.

GET THE LABEL.COM

Getthelabel.com is an on-line and catalogue business which offers customers significant savings on branded fashion and footwear.

The Group also has a number of businesses which design and distribute teamwear and fashion product.

Canterbury was initially established in the New Zealand province of Canterbury in 1904 to manufacture and supply rugby jerseys. Backed by over a century of rigorous on field testing, Canterbury is one of the world's largest rugby brands. Canterbury will be providing the kit to 4 teams at the 2011 Rugby World Cup.

KOOGA

Kooga design, source and wholesale rugby apparel and equipment, with teamwear, replica and leisurewear ranges. Kooga is also sole kit supplier to a number of professional rugby union and rugby league clubs.

Kukri, acquired in February 2011, sources and provides bespoke sports teamwear to schools, universities and sports clubs. Teams design and order their personalised kit on-line, with over 75 different sports catered for. In addition, Kukri Sports Limited is sole kit supplier to a number of professional sports teams.

Nicholas Deakins

Nicholas Deakins designs and manufactures predominantly men's footwear and clothing. Since its inception in 1991, the brand has been moulded into several collections with labels including Nicholas Deakins Green Label clothing and footwear, Deakins and Deakins kids.

Focus are involved in the design, sourcing and distribution of footwear and apparel both for own brand and under license brands, such as Ecko, Ellesse, Kickers and Le Coq Sportif, for both group and external customers.

Devlin wearing The Duffer of St George rugby shirt
and Adidas PT footwear, both exclusive to JD

“The year ended 29 January 2011 has been the seventh successive year of good progress in revenue and profitability for the Group”

Mckenzie Denim polo, exclusive to JD

MCKENZIE
DNM

Stolen Palazzo pant and
Ribbon denim gilet, both exclusive to Bank

Executive Chairman's Statement

Introduction

The year ended 29 January 2011 has been the seventh successive year of good progress in revenue and profitability for the Group. Profit before tax and exceptional items improved by 21% to £81.6 million (2010: £67.4 million). Such sustained performance continues to reflect the strength and uniqueness of our brand and fascia offers as well as the strength of our management teams. Our very strong cash position has also allowed us to continue to invest in brands, our store portfolios and new businesses during the year and since the year end.

Group profit before tax increased by 28% in the year to £78.6 million (2010: £61.4 million) and Group profit after tax has increased by 31% to £55.9 million (2010: £42.7 million).

Group operating profit (before exceptional items) for the year was up 19% to £79.9 million (2010: £67.3 million) and comprises a Sports Fascias profit of £73.3 million (2010: £64.1 million), a Fashion Fascias profit of £6.4 million (2010: £3.3 million) and a Distribution segment profit of £0.2 million (2010: loss of £0.1 million).

The year end net cash position has risen to £86.1 million (2010: £60.5 million). The Group has recently negotiated terms on new committed rolling credit and working capital facilities totalling £75 million. These new facilities expire in October 2015 and when combined with our cash resources give the Group the funding capability to continue to develop operationally and by acquisition both in the United Kingdom and overseas. Confidence arising from the sustained period of results improvement and the strength of our balance sheet has enabled the Board to propose another significant increase in the level of dividends with a final proposed dividend increase of 31% to 19.2p (2010: 14.7p) bringing the total dividends payable for the year to 23.0p (2010: 18.0p), an increase of 28% following on from the rises of 50% and 41% in the last two years.

Acquisitions

The Sports and Fashion retail offers continue to provide consumers with a unique mix of sports and fashion brands in both apparel and footwear including a substantial range of exclusive products as well as exclusive licensed and own brands such as Mckenzie and Carbrini. We have continued to invest in increasing the own brand offers through the acquisition of the Sonneti, Chilli Pepper and Nanny State brands for a total consideration of £2.1 million. Since the year end we have continued this strategy by acquiring the Fenchurch brand for £1.1 million.

The strength of the JD offering gives potential for further replication internationally, albeit in Europe initially. We see this as a key opportunity wherever brands recognise our strength in developing brands and maintaining their prestige. We started to exploit this opportunity when we acquired the French retailer Chausport in May 2009. The first full year since the acquisition contributed £36.4 million of revenue and £0.5 million of operating profit. Like for like sales grew by 12.5% in the year and gross margin improved by 2.7% but overheads increased to support the opening of three JD stores in France which opened late in the year. These latter stores are performing to expectations so far.

We are looking at potential acquisitions and joint ventures in other territories on a regular basis and we have no doubt that the Chausport acquisition has enhanced our visibility and credibility as an overseas investor. Since the year end we have acquired a further Sports Fascia chain in the Republic of Ireland, Champion Sports (Holdings) ('Champion'), for a nominal amount and have also advanced €17.1 million to allow it to settle all of its indebtedness save for €2.5 million of leasing finance. This has added 22 stores to the 8 already operated in the Republic of Ireland and gives us a significant market position throughout the whole of Ireland. It also gives us more local knowledge and a strong management team on the ground.

After the year end we also acquired 80% of Kukri Sports Limited which provides a bespoke teamwear offering across a wide range of sports in a number of countries.

Sports Fascias

The Sports Fascias' total revenue increased by 8% during the period to £667.2 million (2010: £615.5 million) with like for like sales for the year up by a further 3.8% (2010: 2.3%).

Gross margin achieved in the Sports Fascias increased from 50.6% to 51.0% which we attribute to the continued improvement in the terminal stock position in JD plus the impact from the extension of enhanced Group supplier terms into the Chausport business.

As a result of this improved margin and continuing enhancement of the store portfolio and its efficiencies, the operating profit (before exceptional items) of the Sports Fascias rose to £73.3 million (2010: £64.1 million) in the year, including a contribution of £0.5 million from Chausport (2010: £0.7 million). The contribution from Chausport is lower than the previous year due to the seasonal losses incurred in the early part of the year which were pre-acquisition in the prior year.

The programme of store development has continued with 28 store openings and 24 refurbishments or conversions. These include the opening of our first 3 JD stores in France (of which 1 was a conversion of a former Chausport store in Lille), 5 new Chausport stores, 2 new Size? stores and 3 new JD stores in airport locations. We have also opened a JD store at one of the UK's busiest train stations (Liverpool Street) which is our first store in this type of location and, if successful, could be replicated in other major stations. 21 Sports Fascias stores were closed in the period including 6 smaller Chausport stores.

Fashion Fascias

The Fashion Fascias are Bank and Scotts.

The Bank Fascia stores sell largely branded fashion to both males and females, predominantly for the teenage to mid twenties sector. In the year the store portfolio grew from 65 stores to 74 stores, still based predominantly in the North and the Midlands. Total revenue in the year was £102.4 million (2010: £82.8 million). This represents an organic decrease of 0.9% (2010: +4.7%) although this decrease came from trading in the first half of the year when the organic performance was measured against heavy clearance from the prior year. This reduction in clearance activity is reflected in the fact that gross margin achieved improved by a further 0.5% to 48.9% (2010: 48.4%) after an increase of 2.3% in the prior year. Operating profit (before exceptional items) was £5.2 million (2010: £3.0 million). The Board remains confident that there is a significant opportunity to grow operating margin in this Fascia through better stock management, own brand development and disciplined store rollout although this will be challenging in 2011 as a result of VAT, cotton and other fibre price increases and changes in brand distribution policy.

The Scotts Fascia stores sell branded fashion to older more affluent males and there were 37 stores at the year end, largely in the North and the Midlands. Total revenue in the year was £31.7 million (2010: £31.8 million) which was flat organically. However, the balance of trading towards full price full margin improved significantly driving an increase in the gross margin achieved to 49.5% (2010: 47.4%). This has led to an improved operating result with operating profit (before exceptional items) of £1.2 million (2010: £0.3 million).

Distribution

The Distribution businesses delivered a small operating profit of £0.2 million (2010: loss of £0.1 million) with a profit from Canterbury offset by ongoing investment to build Getthelabel.com within Topgrade, and by losses incurred in Kooga's quietest trading period of the year, much of which fell prior to its acquisition last year.

Canterbury delivered an operating profit of £1.1 million (2010: £0.1 million) on total revenues of £48.3 million (2010: £15.4 million) with a strong performance in both Australia and New Zealand where the brand was more sheltered from the events that led to the administration of the former UK based Canterbury business in 2009. The brand is still rebuilding its global network and it is hoped that longer term gains will come from the new licences in South Africa and Argentina, and the launch of a UK based business (in which we are the 75% majority shareholder) focusing on developing a more fashion based product offer to leverage the brand's image and credibility. Canterbury will be providing the kit for 4 teams at the forthcoming Rugby World Cup and the Board are confident that this global exposure will enhance the reputation and penetration of the Brand.

The Getthelabel.com on-line and catalogue business within Topgrade has now been trading for over a year. Its sales progress is encouraging and on schedule but the marketing and other investment required to achieve this means that we believe it could take a further two years before it has sufficient critical mass to deliver profits to the Group. This is not unusual in such businesses and we remain optimistic about the long term profitability of this venture. As a consequence of this, sales rose to £26.6 million (2010: £19.7 million) but losses rose to £0.8 million (2010: £0.4 million) in the year. This was in line with our expectations and we subsequently increased our stake in Topgrade from 51% to 80% during the year at a cost of £1.2 million.

Kooga Rugby went through a difficult period under its previous ownership and a lot of effort has been focused on improving control over the commerciality of the sponsorship properties and the profitability of product ranges and accounts. An operating loss of £0.3 million was recorded for the year (2010: profit of £0.2 million for the post-acquisition period) on sales of £6.5 million (2010: £5.0 million). We have strengthened the management team which we believe will lead to improvements in operating performance in due course.

Nicholas Deakins recorded a profit of £0.2 million (2010: £0.0 million) on turnover of £3.4 million (2010: £2.5 million) in the year.

Joint Venture

Focus Brands Limited is involved in the design, sourcing and distribution of footwear and apparel both for own brand and under license brands for both group and external customers. Our share of operating results for the year was an operating profit before exceptional items and after tax of £1.5 million (2010: £0.5 million).

The exceptional items in the current year relate to unrealised gains on foreign exchange contracts and the reversal of the impairment of the investment held by Focus Brands Limited in Focus Group Holdings Limited, following repayment of original purchase consideration by the vendors of Focus Group Holdings Limited. The exceptional items in the prior year relate entirely to unrealised losses on foreign exchange contracts.

After the year end we increased our holding in this business to 80% at an initial cost of £1.0 million with potential further deferred consideration of £250,000 depending on performance. The performance of this business will be included in the Distribution segment in future.

Group Performance

Revenue
Total revenue increased by 14.8% in the year to £883.7 million (2010: £769.8 million) principally as a result of three factors: the Group's positive like for like sales performance of 3.1%, a net increase of 15 stores and £41.5 million of sales from the pre acquisition period of the Chausport, Canterbury and Kooga businesses.

Gross margin
Gross margin achieved increased in all segments. However, an increase in the participation of the lower margin distribution businesses within the Group's overall performance from 5.4% to 9.5% means that the growth in overall Group gross margin was limited to 0.2%.

Operating profits
Operating profit (before exceptional items) increased by £12.6 million to £79.9 million (2010: £67.3 million), a 19% increase on last year which follows a 24% rise in the previous year. Group operating margin (before exceptional items) has therefore increased by a further 0.3% to 9.0% (2010: 8.7%).

Following a decrease in the exceptional items to £4.3 million (2010: £5.0 million), Group operating profit rose from £62.3 million to £75.6 million.

The exceptional items (excluding share of exceptional items in joint venture) comprise:

	£m
Impairment of investment property	1.0
Loss on disposal of fixed assets	1.5
Onerous lease provision	1.8
Total exceptional charge	4.3

The impairment of investment property relates to a writedown in the valuation of the St Albans warehouse occupied by Focus.

The loss on disposal includes both closed stores and assets written off in refurbished stores.

The charge for onerous lease provisions includes £1.1 million for non-trading stores and £0.7 million for trading stores.

Working Capital and Financing

As a consequence of having net cash throughout the year, the Group has net financing income of £0.2 million compared to net financing costs in the prior year of £0.4 million.

Year end net cash of £86.1 million represented a £25.6 million improvement on the position at January 2010 (£60.5 million).

Net capital expenditure including disposal costs and premia received increased in the year to £32.4 million (2010: £23.0 million) with capital expenditure excluding disposal costs increasing by £10.1 million to £33.0 million (2010: £22.9 million). This increase was focused on the core Sports Fascias where the spend increased by £10.7 million to £25.6 million which included an additional £3.9 million in the French business combined with £3.9 million of spend connected with the new 866,250 sq ft warehouse (616,250 sq ft footprint) at Kingsway, Rochdale. The Board anticipate that approximately £15 million will be incurred in the year to 28 January 2012 on fitting out of the warehouse. The demonstrable success of investing in the store portfolio means that we anticipate maintaining spend on the stores at the current level.

Spend in the Fashion fascias decreased slightly by £0.7 million to £6.7 million. This decrease does not mean that the Group is reducing its investment in the Fashion fascias and is more a function of availability of appropriate property and the timing of the projects.

Working capital remains well controlled with suppliers continuing to be paid to agreed terms and settlement discounts taken whenever due.

Store Portfolio

We have made a further significant investment in the store portfolio during the year with expenditure on both new stores and refurbishments of existing space. We have also continued to rationalise our store portfolio wherever possible but, with the current economic climate impacting heavily on retail property occupancy levels, it remains very difficult to dispose of underperforming and/or duplicate stores.

There was a net increase of 6 stores in the UK and Republic of Ireland JD and Size? portfolios with 21 new stores offset by 15 closures. Our overall presence has increased in France by 1 store with 7 new stores (including 2 JD stores in Paris and Lyon) offset by the closure of 6 smaller Chausport stores. In addition, one Chausport store has been converted to the JD 'King of Trainers' format in Lille and the success of that trial means that we will convert a further 2 Chausport stores (in Angers and Amiens) to this format in the current period.

There was a net addition of 9 stores in the Bank fascia with 13 store openings offset by the closure of 4 stores. A loss making duplicate Scotts store in Chester was also closed in the period.

We have refurbished a total of 29 stores in the year (including 3 stores where space has been transferred between fascias). This means that over the last four years we have opened a total of 108 stores and refurbished a further 123 stores.

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

Sports Fascias

	JD and Size? (UK and Republic of Ireland)		JD (France)		Chausport		Total	
	Units	000 sq ft	Units	000 sq ft	Units	000 sq ft	Units	000 sq ft
Start of year	345	1,100	-	-	75	78	420	1,178
New stores	21	65	2	4	5	10	28	79
Transfers (1)	-	(1)	1	1	(1)	(1)	-	(1)
Closures	(15)	(35)	-	-	(6)	(6)	(21)	(41)
Remeasures	-	2	-	-	-	(2)	-	-
Close of year	351	1,131	3	5	73	79	427	1,215

(1) One JD store (Cardiff) was transferred to Bank in the period offset by the transfer of one store from Bank to JD (Sutton Coldfield). One former Chausport store (Lille) was converted into a JD store.

Fashion Fascias

	Bank		Scotts		Total	
	Units	000 sq ft	Units	000 sq ft	Units	000 sq ft
Start of year	65	176	38	85	103	261
New stores	13	42	-	-	13	42
Transfers	-	1	-	-	-	1
Closures	(4)	(9)	(1)	(6)	(5)	(15)
Remeasures	-	-	-	(3)	-	(3)
Close of year	74	210	37	76	111	286

Dividends and Earnings per Share

The Board proposes paying a final dividend of 19.20p (2010: 14.70p) bringing the total dividend payable for the year to 23.00p (2010: 18.00p) per ordinary share. The proposed final dividend will be paid on 1 August 2011 to all shareholders on the register at 6 May 2011. The final dividend has been increased by 31% with total dividends payable for the year increased by 28%. This follows a 50% increase in the full year dividend in the prior year.

The adjusted earnings per ordinary share before exceptional items were 116.86p (2010: 93.64p).

The basic earnings per ordinary share were 114.84p (2010: 88.16p).

Employees

As ever, after another record year, it is right to give credit and thanks to all our employees around the world for delivering such exceptional results. We remain committed to continuing to develop their skills and prospects through our success, training and quality of operation.

Current Trading and Outlook

Following successive years of record results for the Group, the retail environment has recently been significantly impacted by adverse fiscal changes in addition to the multiple current economic pressures. Specifically, the increase in VAT for the year to 28 January 2012 means that the same level of gross takings will produce a contribution of approximately £16 million less than the previous year. Simultaneously, but quite separately, we anticipate a reduction of real expenditure levels by consumers at a time when product costs, particularly imported goods, are increasing at a material rate.

Trading for the early part of the current financial year has been difficult to gauge when Easter falls three weeks later than last year. For the 8 weeks to 26 March 2011 gross like for like sales (including e-commerce) were +0.4% whilst net sales have declined 1.2% (Sports Fascias -1.4%, Fashion Fascias +0.0%). The decline in net sales and the resulting reduced margin are directly as a result of the fiscal changes referred to above.

Our core business already possesses very strong sales densities and margins, being the result of continual growth in both measures for several years. Against that background, therefore, it is inevitable that the Board is extremely cautious in its outlook, particularly when the profits achieved for the year to 29 January 2011 are effectively rebased purely as a result of the impact of increased VAT.

On the positive side the business delivers strong operating ratios and high levels of free cash generation. It has a robust balance sheet with £86.1 million net cash balances at the year end which leaves the Group well positioned to extend the retail opportunities which may arise and to continue to pursue a progressive dividend policy.

Management remain highly focused on all avenues of revenue growth, margin protection and cost control available to us to endeavour to deliver the optimum outturn, minimise the impact of the factors above and, with a strong balance sheet and dominant market position in our core business, we expect to be able to deliver operational and financial progress for the Group over the long term. Opportunities for profit growth overseas and development of our differentiated and own brand proposition, combined with prospects for growth in our Distribution business, all help to reduce the current threats to long term Group profitability and give us the opportunity to maintain positive long term momentum in our business.

A further update will be made in our Interim Management Statement no later than 17 June 2011.

Peter Cowgill
Executive Chairman
13 April 2011

Nicholas Deakins Guvnor jacket, available at Scotts

Fred Perry shirt and jacket, available at Scotts

Financial and Risk Review

Introduction

Profit before tax increased by £17.2 million to £78.6 million in the year. This improvement was achieved through:

- Sales growth, both organic and from net new space opened, in both the Sports and Fashion Retail Fascias
- Improvement in gross margin achieved in all segments
- Improved net cash position leading to net interest received rather than paid

Taxation

The effective rate of tax on profit has decreased by 1.5% to 28.9% primarily due to a decrease in non-qualifying impairments within exceptional items, combined with the utilisation of previously unrecognised deferred tax assets.

Excluding both exceptional items and prior year adjustments, the effective core tax rate has decreased from 30.2% to 28.9%. This core effective tax rate continues to be above the standard rate due to the depreciation of non-current assets and the incurrence of professional fees on corporate transactions, both of which do not qualify for any form of tax relief.

Earnings per Share

The basic earnings per share has increased by 30% from 88.16p to 114.84p. However, the Directors consider the adjusted earnings per share to be a more appropriate measure of the Group's earnings performance since it excludes the post-tax effect of exceptional items (other than the loss on disposal of non-current assets). The adjusted earnings per share increased by 25% from 93.64p to 116.86p.

Dividends

A final cash dividend of 19.20p per share is proposed which, if approved, would represent an increase of 31% on the final dividend from the prior year. Added to the interim dividend of 3.80p per share, this takes the full year dividend to 23.00p, which is an increase of 28% on the prior year. The full year dividend has therefore grown by 92% in 2 years. The dividend is covered 5.0 times by basic earnings per share and 5.1 times by the adjusted earnings per share.

Net Cash

The year end net cash position has increased by £25.6 million to £86.1 million. Net capital expenditure including disposal costs and premia received increased in the year by £9.4 million to £32.4 million with a further £9.6 million spent on the acquisition of intangible assets (brands and licences) in the year. In spite of the heavy level of capital expenditure, the continued improvement in the net cash position has enabled the Group to deliver a further substantial enhancement in the dividends to shareholders. The strong net cash position also means that we are likely to fund the approximately £20 million fit out of the new 866,250 sq ft (616,250 sq ft footprint) warehouse in Rochdale from available cash. This expenditure on the warehouse will not affect the investment that we are making in the store portfolio, both in terms of taking on new space and refurbishing existing space, as this spend continues to drive improved returns from the core retail businesses.

The net cash position has continued to benefit from improved merchandising controls over stocks in the retail fascias. Trade creditors continue to be paid to terms to maximise settlement discounts with the period end creditor days being 33 (2010: 36).

Treasury Facilities

The £70 million bank syndicated facility which was agreed in October 2006 was due to expire in October 2011. This facility included a £60 million revolving credit facility. Its availability provided the Group with the funds to make major investments should the appropriate opportunity have arisen.

The Board are keen to maintain this ability to move quickly and so a new syndicated facility has been agreed. This facility is for £75 million over 54 months to October 2015. The £60 million revolving credit facility has been maintained but the working capital facility has been increased to £15 million. The Board believe that this mix of facility is appropriate as the cash flows are still cyclical in nature, particularly around the trading peak at Christmas, although we continue to try and remove the quarterly peaks from the store rent payments by negotiating monthly rent payments wherever possible at no additional cost.

The terms of this facility are disclosed in note 35 to the accounts. The previous facility was negotiated in 2006 when margins on bank facilities were at a different level. Accordingly, the margin that will be payable on the new facility has increased from 0.75% to 1.25%. This new rate is in the lower quartile of margins that are being agreed on bank facilities at the current time. Significant improvements in other areas of the new facility pertaining to the Group's ability to make investment decisions have been obtained during the negotiation process. The Board therefore believes that the new facility enables the Group to make quick decisions on significant investments, whilst giving increased flexibility in the shorter term working capital cycle.

Interest rate hedging has not been put in place on the new facility. The Directors continue to be mindful of the potential volatility in base rates, but at present do not consider a long term interest rate hedge to be necessary given that the facility is not used during substantial periods of the year. This position is reviewed regularly, along with the level of facility required.

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. A buying rate is set at the start of the buying season (typically six to nine months before product is received). At this point, the Group aims to protect the anticipated US Dollar requirement at rates at, or above, the buying rate through appropriate foreign exchange instruments.

The Group's forecast requirement for US Dollars in the period to January 2012 is $86 million. Cover is now in place for 2011 for $83 million meaning that the Group is currently exposed on exchange rate movements for $3 million of the current year's estimated requirement. The anticipated requirement for the period to January 2013 is $95 million with $10 million of cover in place at the current time.

Chausport, Houdemont, Nancy, France

Risk Factors

Any business undertaking will involve some risk with many risk factors common to any business no matter what segment it operates in. The Directors acknowledge however that certain risks and uncertainties are more specific to the Group and the markets in which its businesses operate. The principal risk factors are assessed below:

Retail Specific

Brands
The retail fascias sell a mixture of third party and own brand product (includes exclusive licences). Therefore, it is heavily dependent on these brands being desirable to the customer. The Group needs all of its third party and own brands to maintain their design and marketing prominence. The Group also seeks to ensure it is not overly reliant on a small number of brands by offering a stable of brands which is constantly evolving. This includes actively seeking additional brands which it can either own or license exclusively.

Retail property factors
The retail landscape has seen significant changes in recent years with a number of new developments opened and a high volume of retail units becoming vacant. The Group can be exposed where it has committed itself to a long lease in a location which, as a result of a more recent retail development, is no longer as attractive to the customer so suffers from reduced footfall. Wherever possible, the Group will seek either to take out new leases for a period not exceeding 10 years or to negotiate lease breaks, thereby limiting this potential exposure and affording the Group increased flexibility to respond to such changes.

When the Group determines that the store performance is unsatisfactory it approaches the landlords to agree a surrender of the lease. Where this is not possible, the Group would seek to assign the lease or sublet it to another retailer. In many cases, this necessitates the payment of an incentive to the other retailer. The Group is mindful of current economic factors and the adverse impact on the potential for disposal from the high volume of vacant units already available as a consequence of a number of retailers going out of business in recent years.

However, assigning the lease or finding a sub-tenant is not without risk because if the other retailer fails then the liability to pay the rent usually reverts to the head lessee. The Group monitors the financial condition of the assignees closely for evidence that the possibility of a store returning is more that remote and makes a provision for the return of stores if this risk becomes probable. The Board reviewed the list of assigned leases as at 29 January 2011 and does not feel that there are any situations where the risk of the lease returning is either more than remote or probable.

Warehouse operations
Warehousing operations in the UK are currently split across two main sites. The Group has now taken possession of the new warehouse in Rochdale and whilst the consolidation of activity and increased automation within the picking process will bring significant operational and cost benefits, there is an increased risk from both equipment and system failure, together with the inherent risk of having all the stock in one location. The Group is working with its insurers on a robust Business Continuity Plan which will come into effect once the new warehouse becomes operational in mid 2012.

The Group is also working on a robust change management plan to ensure that there is no interruption to supply to stores during the transition phase from the current warehouses to the new facility.

Seasonality
The Group's core retail 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 cause excess inventories that are difficult to liquidate.

IT
The Group relies on its IT systems and networks and those of the banks and the credit card companies to service its retail customers all year round.

The principal legacy enterprise system is ideally suited to the operations of the business but it is heavily reliant on a very limited number of key development staff. This risk is being mitigated by improving documentation of the system and increasing the development team. At some time in the future the risk could be further mitigated by moving to third party enterprise systems but not without additional risk and significant additional cost.

Any long term interruption in the availability of the core enterprise system would have a significant impact on the retail businesses. The Group manages this risk by the principal IT servers being housed in a third party location which has a mirror back up available should the primary servers or links fail.

Distribution Specific

Credit risk
The distribution businesses could have a credit risk if credit evaluations were not performed on all customers requiring credit over a certain amount. If the credit report presents an adverse picture the management of the business concerned take a commercial decision as to whether credit should be given. All customers are monitored closely with outstanding amounts chased rigorously and future supplies stopped where necessary. Provisions are made for customer debts where there is a probable risk of non-payment.

All Businesses

Economic factors
As with other retailers and distributors into retail businesses, the demand for the Group's products is influenced by a number of economic factors, notably interest rates, the availability of consumer credit, employment levels and ultimately, disposable incomes. This is particularly relevant at the current time, where there are significant cutbacks within national and local government and so many consumers have had to cut back on non-essential spending. The Group seeks to manage this risk by offering a highly desirable and competitively priced product range, which is differentiated to that of the Group's competitors.

Reliance on non-UK manufacturers
The majority of both third party branded product and the Group's own branded product is sourced outside of the UK. The Group is therefore exposed to the risks associated with international trade and transport as well as different legal systems and operating standards. Whilst the Group can manage the risk in the supply chain on its own and licensed products, it has little control over the supply chain within the third party brands. As such, the Group is exposed to events which may not be under its control.

The Group works with its suppliers to ensure that the products being sourced satisfy increasingly stringent laws and regulations governing issues of health and safety, packaging and labelling and other social and environmental factors.

Intellectual property
The Group's trademarks, patents designs and other intellectual property rights are critical in maintaining the value of the Group's own brands and ensuring that the Group's businesses can use these brands exclusively is critical in providing a point of differentiation to their customers. The Group therefore works with third party organisations to ensure that the Group's intellectual property is registered in all relevant territories. The Group also actively works to prevent counterfeit product being passed off as legitimate.

Personnel
The success of the Group is partly dependent upon the continued service of its key management personnel and upon its ability to attract, motivate and retain suitably qualified employees. To help achieve this continued service, the Group has competitive reward packages for all of its staff.

More specifically for the retail businesses, the Group also has a long established and substantial training function which seeks to develop training for all levels of retail employees and thereby increase morale and improve staff retention. This then ensures that knowledge of the Group's differentiated product offering is not lost, thereby enhancing customer service.

Treasury
Whilst the Group does not have any borrowings from its core syndicated facility currently, any borrowings that will be made are at variable rates linked to LIBOR. Further details of the Group's interest rate risk are provided in note 24 on page 88.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures but primarily with respect to the US dollar. As described earlier, this risk is managed through the use of appropriate foreign currency contracts. Further information is also provided in note 24 on page 88.

Brian Small
Group Finance Director
13 April 2011

“Profit before tax and exceptional items improved by 21% to £81.6 million”

Pure Simple Sport hoody and leggings, both exclusive to JD

JD
MEN
KING OF TRAINERS
JD
OFFER
size?
size?
adidas

BANK
17
scotts
Brand Authority
FRED PERRY
LACOSTE
adidas
Timberland
Firetrap
NICHOLAS DEAKINS
ONETrueSaxon
BROOKHAVEN
POLICE

Property and Stores Review

UK and Republic of Ireland

We continue to invest significantly in the store portfolio both in terms of new stores and major refurbishments of existing space. 34 new stores opened in the period (21 Sports Fascias stores and 13 Fashion Fascias stores) and 18 major refurbishments were carried out and a further 2 stores were refitted following a transfer between fascias. This means that over the last three years we have opened a total of 88 stores and refurbished a further 83 stores. As a consequence, approximately 37% of the UK and Republic of Ireland store portfolio as at 29 January 2011 has a store fit which is less than three years old. We maintain our belief that the modern and fashionable environment which we provide in our stores is of essential appeal to our customers and that maintenance of the spend at current levels will have a positive impact on future financial performance.

The 21 new Sports Fascias stores included 12 stores in new locations (including 2 Size? stores) with the remaining 9 being replacement of existing space. Included within the new stores are 3 new stores at airport locations. We have also opened a JD store at one of the UK's busiest train stations (Liverpool Street) which is our first store in this type of location and, if successful, could be replicated in other major stations or transport hubs. We have opened 3 new Sports Fascias stores in the UK and Republic of Ireland to date in the current period and anticipate that we will open approximately 17 stores over the full year of which 3 will be replacements of existing space. We anticipate that we will close approximately 10 Sports Fascias stores during the period including the 3 to be closed for replacements, of which 2 are smaller stores currently planned for conversion to the Scotts fascia.

The 13 new Fashion Fascias stores were all new Bank stores with 3 of the stores being replacements of existing space including the opening of a new 5,300 sq ft store in the Trafford Centre which is 2,600 sq ft larger than the old store. The old store in the Trafford Centre was typical of the stores which we inherited when we acquired the business in December 2007. However, we believe that stores of this size are too small to present a full product offer to both a male and female consumer and so the emphasis for the store openings in the current year will be on larger space in prime locations with strong footfall in the fascia's heartlands in the Midlands, North of England and Scotland. These planned openings also include a store in Belfast which would represent Bank's first store in Ireland. We maintain our belief that the store model and product offer from Bank can support a portfolio across the UK and Republic of Ireland in excess of 100 stores. However, we do not feel yet that we have a product and brand proposition that we can roll out in significant numbers across the South of England and it is this product development together with improving the margin which will ultimately drive enhanced future performance from this fascia. We currently plan to open 10 new Bank stores in the current period of which one has already opened to date. No new Scotts stores opened in the period but we do currently plan to open 3 new Scotts stores in the coming year including the conversions of 2 former JD stores.

The 18 major refurbishments included extensive refits of the JD stores in Bullring, Uxbridge, Cheshunt and Bolton Middlebrook.

The performance from stores which have been refurbished continues to be pleasing with sales growth exceeding the average growth across all stores by more than 10%. This performance justifies continued significant investment in refurbishments and so it is likely that we will refit a similar number of stores in the current year. Refurbishments planned for the current year include extensions in 3 JD stores where we will take additional space to enable us to offer an enhanced product and brand offer.

We have also continued to rationalise our store portfolio but, with the current economic climate impacting heavily on retail property occupancy levels, it remains very difficult to dispose of stores, unless leases have ended or contain a break facility. We have, however, closed a further 20 underperforming and/or duplicate stores during the year (15 Sports Fascias stores and 5 Fashion Fascias stores). 3 JD stores have closed to date in the current period.

France

In May 2009 we acquired Chausport SA who are primarily a retailer of sports footwear in France. This strategic acquisition gave the Group the opportunity for future growth by entering a new and sizeable European market outside of its established base in the UK and Republic of Ireland.

7 new stores have opened in the period (5 Chausport and 2 JD) and 8 refurbishments have been completed. In addition we have also converted the former Chausport store in Lille to a JD Fascia. The 5 new Chausport stores opened included 4 replacements of existing space and 1 store in a new location.

The initial performance of the JD fascia stores has been pleasing with the converted store in Lille currently performing over 100% ahead of the historical performance after 17 full trading weeks. This performance has given us the confidence to extend the trial and so we will convert 2 other Chausport stores to the JD fascia in the current year. In addition, we would also like to open at least 2 other JD stores in major conurbations and malls in France, subject to locating suitable sites. Whilst identifying suitable sites for JD in France is critical, the performance of the JD business will also be heavily influenced by optimising the brand and product mix and tailoring this to the local market where appropriate.

Chausport has historically not been well represented in the major conurbations, as the business has often been unable to pay the high level of key money which is necessary to secure access to these locations. The future strategy for France will involve continuing to trial the JD fascia in a number of major cities and shopping malls where we will not self compete, whilst maintaining the Chausport fascia in the smaller regional towns and shopping centres where it is well established.

In the current year we also intend to open approximately 2 new Chausport stores in France and refurbish/relocate a similar number. These stores will be fitted out using a store design which the management team have developed internally over the last 3 years. The performance of stores fitted out using this design continues to be promising and so the management team are confident that it is right to roll this fit out in future Chausport stores.

As with the UK and Republic of Ireland portfolio, stores will be closed where necessary. We have closed 6 Chausport stores during the year and we currently anticipate that 2 stores will be closed during the period, although one of these will relate to the relocation of an old Chausport store into larger space and a location with stronger footfall.

Store Portfolio

The store portfolio for the Group at 29 January 2011 and 30 January 2010 can be analysed as follows:

Sports Fascias	**No. Stores**		**000 sq ft**	
	2011	**2010**	**2011**	**2010**
JD – UK and Republic of Ireland	322	315	1,080	1,048
JD – France	3	-	5	-
Chausport	73	75	79	78
Size	19	17	27	23
First Sport	7	8	19	22
Nike (i)	1	2	2	3
Other Fascias	2	3	3	4
Total	427	420	1,215	1,178

(i) Store subsequently closed in current period.

Fashion Fascias	**No. Stores**		**000 sq ft**	
	2011	**2010**	**2011**	**2010**
Bank	74	65	210	176
Scotts	37	38	76	85
Total	111	103	286	261
Group Total	538	523	1,501	1,439

King of Trainers,
a JD fascia, Lille, France,
opened 27 November 2010

“The year end net cash position has risen to £86.1 million”

Darfield Kiwi tee and Huntley check shirt,
Canterbury Spring/Summer 2011 range

Corporate and Social Responsibility

The Group recognises that it has a 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.

RETAIL BUSINESSES

Employment

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

Training
The Group recognises that training for all levels of staff is vital to performance and it also provides a mechanism for increasing morale and improving staff retention. This ensures that knowledge of the Group's differentiated product offering is not lost, thereby enhancing customer service.

Retail staff at all levels in the Group's core UK and Republic of Ireland retail fascias are encouraged to seek development and progression ultimately up to management level, with training provided by the Group's long established and substantial training function. Training is given in four main areas:

	No. of courses in a year	Length of course	No. of people on each course
New management induction	19	1 week	18
Training academy for new managers	3	12 weeks	20
Junior management development	70	1 day	10
Management and leadership workshops	15	1 day	8

Chausport operate their own training programme. However, the managers and assistant managers of the JD stores in France have their own bespoke training programme organised by the UK training function which is designed to ensure they operate their stores to standards consistent with JD in the UK and Republic of Ireland.

Equal opportunities
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, sexual orientation, creed, colour, race or ethnic origin.

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

Communication
The number and geographic 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. In addition, formal communications informing all employees of the financial performance of the Group are issued on a regular basis by the Group's Human Resources Department in the form of 'Team Briefs'.

Stuart Fielden of Wigan Warriors Rugby League Club and England, wearing Kooga EVX shoulder pad

Health and Safety

We are committed to ensuring a safe environment for all of our employees and customers and actively encourage a positive health and safety culture throughout the organisation. The Group recognises its responsibility for health and safety and there is accountability from the Group Board and throughout the various management levels within the business.

Our health and safety team have developed a comprehensive induction and training programme which is regarded as an essential part of our commitment to health and safety. Targeted safety awareness campaigns are run regularly throughout the year and a monthly newsletter ensures that the safety message is communicated effectively throughout the Group.

Our Health and Safety Committee meets regularly each year allowing every employee the opportunity to raise any safety concerns through their nominated representative.

To ensure that stores are designed and built with safety in mind, our health and safety team has input into all our new and refitted stores from the initial design through to opening. We conduct our own audit programme to ensure the highest safety standards during the construction phase of all our shop-fit projects.

We set targets to enable us to measure our performance. During the current year we have seen positive improvements in the completion of internal health and safety inspections and risk assessments, as a result of countrywide presentations to the retail team, to increase awareness of our responsibilities.

Our health and safety team regularly review the management processes we have in place, with the aim of maintaining our high standards, whilst adapting to business and legislative changes.

Environment

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 impact of its operations particularly with regards to:

- Ensuring efficient use of energy and other materials
- Minimising waste by 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 a pleasant ambient temperature. However, the Group accepts that all the businesses within it must be responsible in their energy usage and associated carbon emissions.

To that end, the Group maintains a Carbon Management Programme ('CMP') which aims to:

- Ensure there is an accurate baseline for consumption by working with electricity suppliers to ensure that bills reflect actual usage
- Improve understanding of the drivers and timing of usage by investment in 'smart' electricity meters. This has been achieved in approximately 350 of the Group's stores. Combined with the stores where accurate and timely usage data is already received, this means that in excess of 93% of the UK and Republic of Ireland electricity consumption is automatically measured every 30 minutes. In addition to accurate billing for these stores, analysis of the data has also shown that usage in non-trading periods is higher than would be expected. The usage in these periods is being reduced through additional training and investment in small scale building management systems where appropriate
- Enhance staff awareness through training at store level, thereby ensuring that retail staff understand that they have a key role in the CMP
- Pursue a multi-disciplined approach to the CMP to ensure all business activities are aware of their impact on energy consumption

Under the current rules of the statutory Carbon Reduction Commitment Energy Efficiency scheme ('CRC'), the Group's submission to the Environment Agency will be aggregated with that of Pentland Group Plc who are the Group's ultimate holding company (see note 36). The Group is therefore working with Pentland Group Plc on ensuring an efficient and effective transfer into the new emissions trading scheme which was introduced in April 2010, as part of the CRC. From an internal Group perspective, however, the Group Finance Director will carry the responsibility for the entry and subsequent reporting on targets in the first phase of the CRC, to 2013.

The Group is committed to using and subsequently reporting on appropriate KPIs with regards to energy usage. Accordingly, the Group can report the following in respect of locations in the UK and Republic of Ireland that have been present for the full year for both years. As this is a like for like comparison, the 2010 data has been updated to reflect store openings and disposals in the current year:

	2011	2010	% Change
Energy Usage – Electricity (MWh)	46,242	47,555	-3%
Energy Usage – Natural Gas (MWh)	4,208	4,453	-6%
Total Energy Use (MWh)	50,450	52,008	-3%
Carbon Footprint (Tonnes CO_2)	25,631	26,383	-3%

The Group has pledged to reduce its combined energy usage from these levels by 3% year on year on a like for like basis until the end of the scheme. This target and the associated operating standards that drive this target apply to all the Group's businesses.

The Group has again invested heavily in the period to 29 January 2011 in replacing inefficient air conditioning systems. A further 26 stores now have systems with market leading technologies which consume less energy whilst providing an appropriate temperature for staff and visitors. This replacement programme is ongoing and it is anticipated that a similar number of works will be carried out in the period to 28 January 2012. Following the successful trial of lower watt bulbs in stores, the Group has now adopted these bulbs across all retail businesses reducing the electricity required for lighting by over 50%.

The Group is committed to investing in the necessary resources to help achieve its targets on reducing carbon emissions, with the following works planned for the year to 28 January 2012:

- Expanding the CMP to widen the awareness campaign, through better training, improved communication and reporting
- Continuing the air conditioning replacement programme
- Increasing analysis and reporting of data provided by smart meters
- Expanding the use of building management systems in store to allow remote monitoring and control

The Group is also aware of the need to purchase energy competitively from renewable sources wherever possible. As a result, the Group has continued with the Airtricity electricity supply contract in Northern Ireland and Republic of Ireland, who source 100% of their electricity from renewable sources. The Company has also agreed a contract with British Gas in the UK (except Northern Ireland) to supply electricity from Good Quality Combined Heat and Power ('GQCHP') sources. This means the UK and Republic of Ireland businesses now get over 70% of all their electricity from sustainable sources.

Ribbon maxi dress, exclusive to Bank,
Religion tee and Selected denim short,
also available at Bank

Environment (continued)

Recycling
Wherever possible, cardboard (the major packaging constituent) is taken back to the Group's 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 423.3 tonnes (2010: 245.5 tonnes).

The Group is expanding its use of recycling opportunities wherever possible by introducing a Dry Mixed Recycling (DMR) scheme to divert waste from landfill. Recycling remains split into four main elements:

- The DMR scheme allows us to increase the recycling of cardboard, paper, plastics and metal containers

- 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 1,211 trees (2010: 1,540 trees) with the reduction reflecting the fact that some paper which was previously disposed of as confidential waste to ensure it was recycled is now disposed of via the new DMR process

- Wood and metal waste is separated at our main distribution centres to further reduce our waste to landfill liabilities

- Photocopier and printer toners (laser and ink) are collected and recycled for charity by Environmental Business Products Limited

Plastic bags
Approximately 40% of the bags issued by the Group are high quality drawstring duffle bags, which are generally reused by customers many times. However, the Group is aware of the environmental impact of plastic bags and has sought to minimise any impact through the following measures:

- The bags are made from 33% recycled material

- The bags contain an oxo-biodegradable additive, which means that they degrade totally over a relatively short life span

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

ALL BUSINESSES

Ethical Sourcing

The Group seeks to provide its customers with high quality and value merchandise from suppliers who can demonstrate compliance with internationally accepted core labour and ethical standards throughout their supply chain.

These standards are based upon the provisions of the Ethical Trading Initiative ('ETI') Base Code and specifically cover areas such as wages, working hours, health and safety and the right to freedom of association.

The Group requires all of its suppliers, both existing and new, to formally commit to implementing the provisions of the ETI Base Code throughout their supply chains. Prior to any orders being placed, all new suppliers are required to complete the Group's risk assessment form to indicate their degree of compliance to the ETI Base Code. All existing suppliers are also required to conduct this assessment on an annual basis. These forms are reviewed by the Group's Buying team members and Pentland Group's Corporate and Social Responsibility Manager and any areas of concern with regard to potential non-compliance are investigated when visiting the factories concerned.

Due to the diverse nature and scope of the supply chain, it is not always possible to visit all of the factories directly. Where instances of non-compliance are identified from the risk assessment forms and the supplier cannot be visited, they are required to confirm what corrective actions are being undertaken to resolve the issue. These actions will be verified directly by the Group's Buying team members and Pentland Group's Corporate and Social Responsibility Manager as soon as practically possible on a future visit.

All suppliers are contractually obliged to comply with the Group's Conditions of Supply which includes a specific policy on 'Employment Standards for Suppliers'.

Community Engagement

The Group seeks to be involved in the community where it can make an appropriate contribution from its resources and skills base. Examples of this include:

- JD Sports Fashion Plc sponsorship of the City of Salford 10k run which took place in September 2010

- Donations to The Geoff Thomas Foundation which works closely with Leukaemia & Lymphoma Research on raising funds to speed up the delivery of effective new treatments to patients with blood cancer

- Donations to The Marina Dalglish Appeal to improve cancer treatment facilities in Liverpool

- Donations to Boot out Breast Cancer which raises funds to provide equipment for as many breast cancer units in the North West as possible

- Donations to Cancer Research UK

- Donations to The Elizabeth Hardie Ferguson Charitable Trust Fund which was founded by Sir Alex Ferguson and is dedicated to the memory of his mother. The Trust acts as a fund raising body and distributes all proceeds to deserving causes within the United Kingdom

- Sponsorship and donation of kit to local junior sports clubs and schools

Policy on Acquired Businesses

The Group has acquired a number of retail and distribution businesses in recent years, and acknowledges that the high standards which the core retail businesses have historically operated to, need to be replicated in the wider global Group.

After making an acquisition, staff from the core retail businesses, with the relevant knowledge and experience, work with the management teams at these acquired businesses. The initial focus is to help the local management analyse their position against these standards with action plans developed as necessary.

Standards of the existing Group companies, along with any future acquisitions, will continue to be monitored, with action taken to maintain Group standards as required.

The Board

Peter Cowgill

Executive Chairman and Chairman of the Nomination Committee aged 58
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 MBL Group Plc.

Barry Bown

Chief Executive Officer aged 49
Barry joined the Board in 2000 and has been with JD Sports Fashion 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 Officer in 2000.

Brian Small

Group Finance Director aged 54
Brian was appointed Finance Director 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 an accountant with Price Waterhouse in 1981.

Colin Archer

Non-Executive Director, Chairman of the Audit and Remuneration Committees and member of the Nomination Committee aged 69
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 an 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 the Audit, Remuneration and Nomination Committees aged 48
Chris was appointed to the Board in May 2003. He is a marketing specialist with his own public relations and marketing agency. He is also Chief Executive of Sports Tours International Limited. Chris has over 20 years media experience in newspapers, commercial radio and sport.

Andrew Leslie

Non-Executive Director aged 64
Andrew was appointed to the Board in May 2010. He has over 40 years of experience in the retail, footwear and apparel sectors. Most recently he was an Executive Board Director of Pentland Brands Plc (which is a subsidiary of the ultimate parent company Pentland Group Plc), from which he retired in 2008. During his career, Andrew also held a number of senior positions with British Shoe Corporation, The Burton Group Plc and Timpson Shoes Limited.

Adidas terrace styles, all available at JD

GAZELLE
SPEZIAL
adidas

Directors' Report

The Directors present their annual report and the audited financial statements of JD Sports Fashion Plc (the 'Company') and its subsidiaries (together referred to as the 'Group') for the 52 week period ended 29 January 2011.

Principal Activities and Business Review

The principal activity of the Group is the retail and distribution of sport and athletic inspired fashion, footwear, apparel and accessories.

In accordance with the Companies Act 2006, 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 and 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 as follows:

- Summary of Key Performance Indicators (page 7)
- Chairman's Statement (pages 13 to 16)
- Financial and Risk Review (pages 19 to 21)
- Property and Stores Review (pages 26 to 27)
- Corporate and Social Responsibility (pages 31 to 35)

All the information set out in those sections is incorporated by reference into, and is deemed to form part of, this report.

The Corporate Governance Report (pages 41 to 43) and the Directors' Remuneration Report (pages 45 to 48) are incorporated by reference into, and are deemed to form part of, this report.

As per note 35 on page 100, the Group has completed the following acquisitions since the period end:

- On 7 February 2011, the Group acquired 80% of the issued share capital of Kukri Sports Limited
- On 16 February 2011, the Group acquired a further 31% of the issued share capital of Focus Group Brands Limited
- On 4 April 2011, the Group acquired 100% of the issued share capital of Champion Sports (Holdings)

In addition the Group has signed a new syndicated committed £75 million bank facility for 54 months to 11 October 2015. Further details of the terms of this facility are included in the Financial and Risk Review on page 19 and in note 35 on page 101.

Results

Revenue for the 52 week period ended 29 January 2011 was £883.7 million and profit before tax was £78.6 million compared with £769.8 million and £61.4 million respectively in the previous financial year.

The Consolidated Income Statement is set out on page 56.

Proposed Dividend

The Directors recommend a final dividend of 19.20p per ordinary share (2010: 14.70p), which together with the interim dividend of 3.80p per ordinary share (2010: 3.30p) makes the total dividend payable for the year 23.00p (2010: 18.00p). If approved by shareholders at the forthcoming Annual General Meeting, this will be paid on 1 August 2011 to shareholders on the register as at close of business on 6 May 2011.

Share Capital

As at 29 January 2011 the Company's authorised share capital was £3,107,500 divided into 62,150,000 ordinary shares of 5p each. As at 29 January 2011 the Company's issued share capital was £2,433,083 comprising 48,661,658 ordinary shares of 5p each.

Shareholder and Voting Rights

All members who hold ordinary shares are entitled to attend and vote at the Company's Annual General Meeting. On a show of hands at a general meeting, every member present in person or by proxy shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every ordinary share they hold. Subject to relevant statutory provisions and the Company's Articles of Association, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes.

Restrictions on Transfer of Shares

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

- The Board may, in 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), or which is in favour of more than four persons jointly or which is in relation to more than one class of share
- Certain restrictions may, from time to time, be imposed by laws and regulations (for example, insider trading laws)
- Restrictions apply pursuant to the Listing Rules of the Financial Services Authority whereby Directors and certain of the Group's employees require prior approval to deal in the Company's 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.

Authority to Purchase Own Shares

A resolution was passed at the 2010 Annual General Meeting giving Directors authority to buy back ordinary shares up to a maximum of 10% of the total issued ordinary share capital of the Company. As at the date of this report no shares have been purchased under this authority.

Directors' Interests

The interests of the Directors who held office at 29 January 2011 and their connected persons in the Company's ordinary shares are shown below:

	Ordinary shares of 5p each	
	29 January 2011	30 January 2010
P Cowgill	410,263	410,263
B Bown	5,676	5,676
B Small	21,750	21,750
C Archer	19,121	19,121
	456,810	456,810

There has been no change in the interests of the Directors or their connected persons between 29 January 2011 and the date of this report.

Substantial Interests in Share Capital

As at 12 April 2011 the Company has been advised of the following significant holdings of voting rights in its ordinary share capital pursuant to the Disclosure and Transparency Rules:

	Number of ordinary shares/voting rights held	%
Pentland Group Plc	27,963,722	57.47
Sports World International Ltd	5,775,255	11.87
Aberforth Funds*	4,305,940	8.85

*Aberforth Funds have a further non-voting holding of 1,682,900 ordinary shares.

Directors

The names and roles of the current Directors together with brief biographical details are given on page 36. The Directors are responsible for the management of the business of the Company and, subject to law and the Company's Articles of Association ('Articles'), the Directors may exercise all of the powers of the Company and may delegate their power and discretion to committees.

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

The Articles give the Directors power to appoint and replace directors. 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.

The Articles require that, 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 UK Corporate Governance Code applies to financial years commencing on or after 29 June 2010 and provides for the annual re-election of all directors. The Board has decided to comply with this provision with immediate effect and so all Directors listed on page 36 will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

Amendment of the Company's Articles of Association

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

Change of Control – Significant Agreements

In the event of a change of control of the Company, the Company and the lenders of the new £75 million bank syndicated facility shall enter into an agreement 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.

Contractual Arrangements Essential to the Business of the Group

The Board considers that continuing supply from Nike and Adidas, being the main suppliers of third party branded sporting products, to the Group's core sports fashion retail operation is essential to the business of the Group.

Employees

The Group communicates with its employees through team briefs and via the Company's intranet and notice boards. Views of employees are sought 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 significant organisational changes.

The Group's employee remuneration strategy is set out in the Directors' Remuneration Report on pages 45 to 48.

The Group is committed to promote equal opportunities in employment regardless of employees' or potential employees' sex, marital status, sexual orientation, creed, colour, race, ethnic origin or disability. Recruitment, promotion and the availability of training are based on the suitability of any applicant for the job 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.

Donations

During the financial year ended 29 January 2011 the Group did not make any political donations (2010: £nil) and made charitable donations of £39,000 (2010: £54,000). Of the charitable donations, £10,000 was for The Geoff Thomas Foundation which works closely with Leukaemia & Lymphoma Research on raising funds to speed up the delivery of effective new treatments to patients with blood cancer.

Creditors Payment Policy

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

- Agree 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 (2010: 36).

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

Auditor

KPMG Audit Plc have indicated their willingness to accept reappointment as auditors of the Company. A resolution proposing their reappointment is contained in the notice of the forthcoming Annual General Meeting and will be proposed to shareholders at that meeting.

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

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future. For this reason, the financial statements have been prepared on a going concern basis.

Annual General Meeting (AGM)

Notice of the Company's AGM to be held at 12 noon on 23 June 2011 at Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR incorporating explanatory notes of the resolutions to be proposed at the meeting is enclosed, together with a form of proxy. A copy of the Notice of AGM is available on the Company's website www.jdplc.com.

By order of the Board

Jane Brisley
Company Secretary
13 April 2011

Mckenzie fleece suit, exclusive to JD

Corporate Governance Report

Combined Code

The Board is committed to high standards of corporate governance. This report sets out how the Company has applied the main principles set out in the Combined Code on Corporate Governance published by the Financial Reporting Council in June 2008 ('the Combined Code') and the extent to which the Company has complied with the provisions of the Code.

The Board

The Board consists of six directors: an Executive Chairman, two other Executive Directors and three Non-Executive Directors. The name, position and brief profile of each Director is set out on page 36.

Composition of the Board is kept under review and changes are made when appropriate and in the best interests of the Group. Since publication of the last Annual Report the Company appointed Andrew Leslie to the Board as a Non-Executive Director. Mr Leslie has over 40 years of experience in the retail, footwear and apparel sectors and his most recent position was as an Executive Board Director of Pentland Brands Plc (which is a subsidiary of the ultimate parent company Pentland Group Plc), from which he retired in 2008. The Board considers that its composition during the year had the necessary balance of Executive and Non-Executive Directors providing the desired blend of skills, experience and judgement appropriate for the needs of the Group's business and overall effectiveness of the Board. None of the Directors have served for more than three years without having been re-elected by shareholders. Colin Archer is the senior independent Non-Executive Director.

Two Non-Executive Directors, Colin Archer and Chris Bird, are considered to be independent by the Board. Colin Archer has served on the Board for more than nine years, having been appointed on 6 November 2001. The Board considers Mr Archer to be independent for the purposes of the Combined Code as, in the Board's view, he continues to be independent in character and judgment notwithstanding his length of service. Andrew Leslie is not currently considered to be independent by the Board for the purposes of the Combined Code due to his former position as an executive director of Pentland Brands Plc, a subsidiary of the Company's largest shareholder. Mr Leslie does not represent the interests of Pentland Group Plc on the Board and, due to the period of time that will have elapsed since he retired in 2008, the Board anticipate that it will determine him to be independent under the Code when the Board next assesses this. The Board believes that all three Non-Executive Directors have provided ample guidance to the Board and perform an effective role in challenging the Executive Directors when appropriate.

The Board considers that all the Directors are able to devote sufficient time to their duties as Directors of the Company. The brief biographical detail on page 36 includes details of the Chairman's other directorships of listed companies. The Board is satisfied that these appointments do not conflict with the Chairman's ability to carry out his role effectively for the Group.

In accordance with the recommendations of the UK Corporate Governance Code, all Directors will retire and offer themselves for re-election at the 2011 AGM.

Board operation
The Board is responsible for the direction, management and performance of the Company. The Board met ten times during the year under review. Directors' attendance at Board and Committee meetings is set out in the table below. The Board is responsible for providing effective leadership and promoting success of the Group.

The Board has a formal schedule of matters reserved specifically to it for decisions which include major strategic matters, approval of financial statements, acquisitions and disposals and significant capital projects. The Board delegates certain powers to a number of committees.

Board papers are circulated to Directors prior to Board meetings which include up-to-date financial information, reports from the Executive Directors and papers on major issues for consideration by the Board. The Board has a formal procedure for Directors to obtain independent professional advice.

All Board members have full access to the Company Secretary who is a fully admitted solicitor and attends all Board and Committee meetings. The Company Secretary is responsible for advising the Board on Corporate Governance matters. The appointment and removal of the Company Secretary is a matter for the Board as a whole to determine.

All newly appointed Directors will receive a tailored induction when they join the Board or a Committee. Relevant training can be arranged as and when deemed appropriate.

The Board has established a formal process for the annual evaluation of the performance of the Board, its Committees and individual Directors. This has been conducted through the completion by each Director of a questionnaire prepared by the Company Secretary which encourages the Directors to give his opinions on Board and Committee procedures, operation and effectiveness as well as any other matter they wish to raise. The feedback from the evaluation process has been presented to the Board by the Executive Chairman. A separate questionnaire was completed by the Directors (other than the Executive Chairman) in relation to the performance of the Executive Chairman with the Senior Independent Director discussing the resulting feedback with the other Non-Executive Directors, taking into account the views of the other Executive Directors (excluding the Executive Chairman).

The division of responsibilities between the Executive Chairman and Chief Executive Officer is in writing and has been agreed by the Board. The Chairman is responsible for overall Board leadership, corporate strategy and communication with major shareholders. The Chief Executive Officer's responsibilities are focused on the development of the Group's core retail operations.

The Company, through its majority shareholder Pentland Group Plc, maintains appropriate Directors and Officers liability insurance.

Attendance at Board and Committee meetings

	Board Meetings	Remuneration Committee	Audit Committee	Nomination Committee
Number of meetings in year	10	4	3	1
P Cowgill	10	3	3	1
B Bown	10	-	-	-
B Small	10	3	3	-
C Archer	10	4	3	1
C Bird	10	4	3	1
A Leslie*	7	-	-	-

*A Leslie joined the Board on 1 May 2010 and so his attendance reflects the nine month period to 29 January 2011.

Peter Cowgill and Brian Small attended the Remuneration Committee meetings and the Audit Committee meetings at the invitation of the members of those committees.

Conflicts of interest
The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or possibly could conflict, with the interests of the Company. The Board considers that the procedures it has in place for reporting and considering conflicts of interest are effective.

Board Committees

There are three principal Board Committees to which the Board has delegated certain of its responsibilities. The terms of reference for all three Committees are available for inspection on request and are available on the Company's corporate website www.jdplc.com.

Audit Committee
The Audit Committee currently comprises the two independent Non-Executive Directors, Colin Archer (Chairman) and Chris Bird. The Committee's principal duties are to review draft annual and interim financial statements prior to being submitted to the Board, reviewing the effectiveness of the Group's system of internal control and risk management and to review the performance and cost effectiveness of the external auditor.

The Audit Committee met three times in the year with the external auditor attending each meeting. Details of attendance at Audit Committee meetings are set out above.

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 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 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, audit fee and terms of engagement of the auditor
- Reviewing non-audit fees payable to the Group's external auditor. In reviewing the non-audit fees, the Committee also considered the independence of the external auditor and whether its engagement to supply non-audit services is appropriate. During the year the Group has appointed other accountancy firms to provide non-audit services

The Audit Committee is also responsible for ensuring that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence.

A breakdown of the audit and non-audit related fees is set out in note 3 to the Consolidated Financial Statements on page 68. The Audit Committee is satisfied that the level and scope of non-audit services performed by the external auditor does not impact their independence.

The Audit Committee keeps under review the relationship between the Group and external auditor and, having considered the external auditor's performance during their period in office, recommends their reappointment.

Remuneration Committee
The Remuneration Committee currently comprises the two independent Non-Executive Directors, Colin Archer (Chairman) and Chris Bird.

The Committee's principal duties are to determine overall Group remuneration policy, remuneration packages for Executive Directors and senior management, the terms of Executive Director service contracts, the terms of any performance-related schemes operated by the Group and awards thereunder.

The Committee met four times during the year. Details of attendance at Remuneration Committee meetings are set out in the previous table.

Further details about Directors' remuneration are set out in the Directors' Remuneration Report on pages 45 to 48.

Nomination Committee
The Nomination Committee currently comprises the Executive Chairman and the two independent Non-Executive Directors.

The Committee's principal duties are to consider the size, structure and composition of the Board, ensure appropriate succession plans are in place for the Board and, where necessary, consider new appointments to the Board. From time to time the full Board performs some of the duties of the Nomination Committee.

The Nomination Committee met once during the year. Details of attendance at the Nomination Committee meeting are set out in the table above.

During the year the Nomination Committee considered the appointment of a further Non-Executive Director, Andrew Leslie, following recommendation from Pentland Group Plc, the Company's largest shareholder. Following due consideration, the Nomination Committee recommended to the Board that Mr Leslie be appointed as a Non-Executive Director. The Nomination Committee did not consider the use of an external search consultancy nor open advertisement to be necessary in relation to this appointment as Mr Leslie was considered by the Nomination Committee to be a suitable candidate with considerable relevant experience.

Internal Control

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 accords with the Turnbull guidance.

The Board, in conjunction with the Audit Committee, has full responsibility 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 Board has established a well-defined organisation structure with clear operating procedures, lines of responsibility, delegated authority to executive management and a comprehensive financial reporting process.

Key features of the Group's system of internal control and risk management are:

- Identification and monitoring of the business risks facing the Group, with major risks identified and reported to the Audit Committee and the Board

- Detailed appraisal and authorisation procedures for capital investment

- 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 investigation of suspected fraudulent activities

- Reconciliation and checking of all cash and stock balances and investigation of any material differences

In addition, the Audit Committee receives reports from the external auditor in relation to the financial statements and the Group's system of internal controls.

The Group has a formal whistle blowing policy in place enabling employees to raise concerns in relation to the Group's activities on a confidential basis.

The Board has reviewed the effectiveness of the Group's system of internal controls and believes this to be effective. In establishing the system of internal controls 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 controls can only provide a reasonable, and not absolute, assurance against the risk of material misstatement or loss.

The integration of the recently acquired businesses into the Group's system of internal controls is on-going.

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 periodically. The primary focus has continued to be on security and minimisation of unauthorised losses in the business using a team of appropriately experienced employees.

The Company does not currently have a separate internal audit function. Following annual review, the Board has determined that, due to the further global expansion of the Groups' activities, the appointment of an internal auditor is now appropriate and a search and selection process is currently underway to recruit a suitable candidate for this role.

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

Shareholder Relations

The Executive Directors maintain an active dialogue with the Company's major shareholders to enhance understanding of their respective objectives. The Executive Chairman provides 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.

The Senior Independent Non-Executive Director is available to shareholders if they have concerns which have not been resolved through dialogue with the Executive Directors, or for which such contact is inappropriate.

External brokers' reports on the Group are circulated to the Board for consideration. In addition, the Non-Executive Directors attend results presentations and analyst and institutional investor meetings whenever possible.

The AGM is 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.

Compliance with the Combined Code

The Directors consider that during the year under review and to the date of this report, the Company complied with the Combined Code.

This report was approved by the Board and signed on its behalf by:

J M Brisley

Jane Brisley
Company Secretary
13 April 2011

Nike hoody and gilet, both exclusive to JD

Directors' Remuneration Report

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 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ('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 2006. 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 on Corporate Governance (June 2008) ('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 subject to an advisory shareholder vote at the Annual General Meeting ('AGM') on 23 June 2011.

UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee (the 'Committee') comprises two independent Non-Executive Directors, being Colin Archer and Chris Bird. Colin Archer is 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. Peter Cowgill, the Executive Chairman, Barry Bown, the Chief Executive Officer, and Brian Small, the Group Finance Director have assisted the Committee when requested with regards to matters concerning key executives below Board level.

The Committee can obtain independent advice at the Company's expense where they consider it appropriate and in order to perform their duties.

The Committee is formally constituted with written Terms of Reference, which are available on the Company's corporate website www.jdplc.com. The Committee is willing to engage with any of the major shareholders or other representative groups where appropriate concerning remuneration matters.

The Committee is mindful of the Company's social, ethical and environmental responsibilities and is satisfied that the current remuneration arrangements and policies do not encourage irresponsible behaviour.

The Committee has met four times during the year under review with each member attending all the meetings. Details of attendance at the Committee meetings are set out on page 42.

Remuneration Policy

The Group operates in a highly competitive retail and distribution environment and the Committee seeks to ensure that the level and form of remuneration is appropriate to attract, retain and motivate Directors and senior managers who are the cornerstone of the continued success of the Company.

Whilst it is inevitable that policies and practice in respect of remuneration will evolve over time, it is the Committee's belief that the key principles described below, which applied in the year to 29 January 2011, remain appropriate and will continue for the financial year to 28 January 2012:

- The total remuneration which can be earned should be set at a level which ensures the retention and motivation of key executives of the necessary calibre required to execute the business strategy and enhance shareholder value

- Remuneration should be aligned with the key corporate metrics that drive earnings growth and increased shareholder value with significant emphasis on performance related pay measured over the longer term

- Incentive arrangements for key individuals should provide an appropriate balance between fixed and performance related elements and be capable of providing exceptional levels of total payment if outstanding performance is achieved

Components of Remuneration

The main components of the current remuneration package are:

Base salary
The following factors are taken into account when determining base salary levels:

- Remuneration levels at comparable UK retail companies
- The need for salaries to be competitive
- The performance of the individual Executive Director and their contribution to the business
- Experience and responsibilities
- Pay and employment conditions throughout the Group

The policy of the Committee is that the salaries of the Executive Directors should be reviewed annually, although it reserves the right to review salaries on a discretionary basis if it becomes apparent that the Group is at risk of losing a key Board member or other senior executive, or if it believes an adjustment is required to reflect market rates or performance. The Committee exercised this discretionary right twice in the year. Firstly, the salary of the Executive Chairman was increased from £422,742 to £700,000 with this increase being applied retrospectively to 1 April 2010. The Committee believes that this salary reflects the personal contribution that the Executive Chairman has made to the turnaround of the Group since 2004, its outstanding performance since then and the Executive Chairman's substantial increased time commitment. The Committee firmly believes that this salary increase was necessary to ensure the retention of the Executive Chairman and that his ongoing retention is critical in enhancing shareholder value. Secondly, the salary of the Group Finance Director was increased from £191,941 to £200,000 with this increase being applied from 1 October 2010.

The Committee have determined that salaries for the Executive Directors should be increased (effective from 1 April 2011) as follows:

Executive Director	Previous Salary £000	New Salary £000	Percentage Increase	Position Against Comparator Group
P Cowgill	700	**700**	0.0%	Upper Quartile
B Bown	302	**310**	2.5%	Lower Quartile
B Small	200	**205**	2.5%	Lower Quartile

The Comparator Group for these purposes is the FTSE 250 companies.

These salary increases are consistent with pay increases implemented throughout the Group.

Annual bonus
The Group offers Executive Directors and senior executives the opportunity to earn performance related bonuses through the achievement of challenging EPS targets. The Committee reviews these targets at the beginning and end of each financial year to ensure that they remain fair and 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 Committee has the discretion to pay bonuses above that level for exceptional performance. This discretion was utilised in the year to 29 January 2011 with awards of 120% of salary awarded to the Executive Directors. The Committee feels that this award is fully justified given that the Group's performance was considerably above market expectations early in the financial year.

Special retention payment
At the 2011 AGM, the Board will be proposing a special retention scheme for the Executive Chairman designed to ensure that he is retained until at least 31 March 2014 and focused on driving shareholder value. The proposed retention scheme has been discussed with two of the Company's three largest shareholders, Pentland Group Plc and Aberforth Funds, who are supportive of it. Full details are set out in the 2011 Notice of Annual General Meeting accompanying this Annual Report.

Cash based long term incentive plans
In 2008, the Committee proposed the introduction of a cash based Long Term Incentive Plan ('2008 LTIP') in order to:

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

The 2008 LTIP was subsequently approved by shareholders at the Annual General Meeting held on 26 June 2008 and consisted of two separate awards that would pay out in cash after two and three years respectively, subject to continued employment and meeting performance targets which would 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 although all payments would be non-pensionable.

The following table outlines the structure of the 2008 LTIP:

	1st Award	2nd Award
Performance To	**30 January 2010 £000**	**29 January 2011 £000**
Amount Payable:		
P Cowgill	400	450
B Bown	350	394
B Small	250	281
Other Key Executives	1,500	1,625
	2,500	2,750

The targets for these awards were average headline earnings of £40 million for the three year period ending 30 January 2010 and £48 million for the three year period ending 29 January 2011. Consequently these awards have been paid in full. Headline earnings are defined as profit before tax and exceptional items (including the share of exceptional items of the joint venture).

To ensure the continued retention and motivation of the Executive Directors and other Key Executives the Board put forward a new cash based Long Term Incentive Plan ('2010 LTIP') to the Annual General Meeting held on 9 June 2010. This proposal, which was for a single payment only, was approved with the structure set out below:

Performance To	2 February 2013 £000
Amount Payable:	
P Cowgill	500
B Bown	437
B Small	313
Other Key Executives	2,750
	4,000

The 2010 LTIP will be payable in full in 2013 if the following performance conditions are both satisfied:

- Average headline earnings (defined above) of £74 million over the three year performance period from 31 January 2010 to 2 February 2013
- Absolute headline earnings of at least £74 million in the year to 2 February 2013

Lower awards to a minimum of 40% will be paid on a sliding scale if the performance on either of these criteria is in the range of £70 million to £74 million. If the performance under either of these criteria is below £70 million then no award will be payable.

Again, the Committee determined that, given the current shareholder structure and the lack of a large free float, the delivery mechanism for the 2010 LTIP will be in cash although all payments will be non-pensionable.

An amount of £2,250,000 has been recognised in the Consolidated Income Statement for the period ended 29 January 2011 (2010: £1,750,000) being one-third of the 2nd award of the 2008 LTIP payable (2010: one-third of 1st award and one-third of 2nd award) and one-third of the 2010 LTIP payable (2010: nil). These amounts are consistent with the vesting profile of a three year performance period.

Other benefits
The Company makes contributions into individual personal pension schemes for Barry Bown and Brian 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 Executive Chairman does not receive any pension contribution or car allowance.

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
P Cowgill	16 March 2004	12	Rolling 12 months
B Bown	20 February 2009	12	Rolling 12 months
B Small	10 March 2004	12	Rolling 12 months

Each service contract includes provision for compensation commitments in the event of early termination. For each of the Executive Directors, these commitments do not exceed one year's salary and benefits. The Committee consider these levels of compensation for loss of office appropriate in light of the levels of basic salary levels 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.

The service agreements and letters of appointment are available for inspection by shareholders at the forthcoming Annual General Meeting and during normal business hours at the Company's registered office address.

In accordance with the recommendations of the UK Corporate Governance Code, all Directors will retire and offer themselves for re-election at the 2011 AGM.

Non-Executive Directorships

The Board recognises that Executive Directors may be invited to become Non-Executive Directors of other businesses and that the knowledge and experience which they gain in those appointments could be of benefit to the Company. Prior approval of the Board is required before acceptance of any new appointments.

During the year to 29 January 2011, only Peter Cowgill held Non-Executive positions through his role as Non-Executive Chairman of United Carpets Group Plc and MBL Group Plc. He has retained earnings of £372,000 in respect of these offices.

Non-Executive Directors

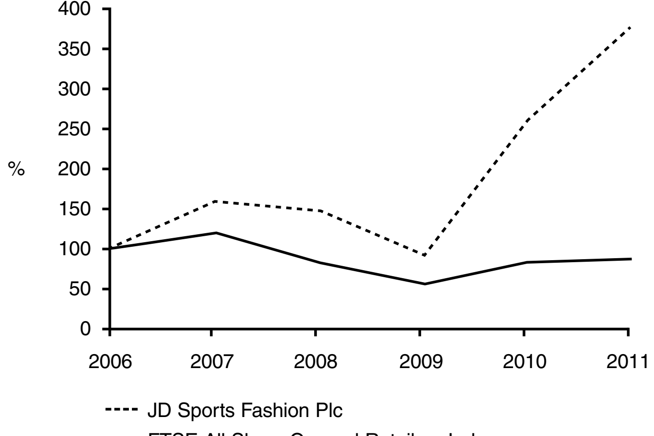
The Non-Executive Directors have entered into letters of appointment with the Company which are terminable by the Non-Executive Director or the Company on not less than three months' notice.

Non-Executive Director 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 their fees are set out in the audited information on page 48.

Total Shareholder Return

The following graph 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 2006 by taking the percentage change of the market price over the relevant period, re-investing any dividends at the ex-dividend rate.



AUDITED INFORMATION

Individual Directors' Emoluments

Directors' salaries and benefits charged in the period to 29 January 2011 are set out below together with comparatives for the period to 30 January 2010.

	Salary and Fees	Benefits Excluding Pensions	Annual Performance Related Bonus	2011 Total	2010 Total	2011 Pension Costs	2010 Pension Costs
	£000	£000	£000	£000	£000	£000	£000
P Cowgill (i)	652	1	840	1,493	1,321	-	-
B Bown	300	1	362	663	587	24	22
B Small	193	21	240	454	393	23	22
C Archer	39	-	-	39	38	-	-
C Bird	29	-	-	29	28	-	-
A Leslie (ii)	22	-	-	22	-	-	-
	1,235	23	1,442	2,700	2,367	47	44

(i) Emoluments for Peter Cowgill in 2010 included £500,000 from the special retention payment approved by shareholders at the Annual General Meeting held on 26 June 2008. The final payment under this arrangement was made in March 2010. The emoluments for 2011 reflect the increased salary which was determined during the year.

(ii) Andrew Leslie joined the Board on 1 May 2010. His emoluments therefore reflect the nine month period to 29 January 2011.

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

Cash Based Long Term Incentive Plans

In addition, the following amounts have been provided in the period ended 29 January 2011 in respect of the Long Term Incentive Plans. The amounts recognised comprise one third of the amount proposed for the 2nd award of the 2008 LTIP based on Group performance in the final year of the three year vesting period and one third of the 2010 LTIP based on Group performance in the first year of the three year vesting period.

The 2010 LTIP will be payable in 2013 subject to the Group reaching certain performance targets over the three year performance period to 2 February 2013 as described above.

	2011 £000	2010 £000
P Cowgill	317	283
B Bown	277	248
B Small	177	177
	771	708

This report has been prepared on behalf of the Board.

Colin Archer
Chairman of the Remuneration Committee
13 April 2011

Bank, Trafford Centre, Manchester

“The final dividend has been increased by 31%”

South Africa international and Canterbury Brand Ambassador, Bryan Habana, wearing Canterbury technical Base Layer garments

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

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. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. 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 adequate accounting records that are sufficient to show and explain the Parent Company's transactions and 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 2006. 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 Report 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 Group's websites. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

Each of the Directors whose names and positions are set out on page 36 confirms that, to the best of their knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board

Brian Small
Group Finance Director
13 April 2011

Adidas hoody, track top, tee and jog pants, all available at JD

Independent Auditor's Report to the Members of JD Sports Fashion Plc

We have audited the financial statements of JD Sports Fashion Plc for the year ended 29 January 2011, which comprise the Consolidated Income Statement, Consolidated and Parent Company Statement of Comprehensive Income, Consolidated and Parent Company Statement of Financial Position, Consolidated and Parent Company Statement of Cash Flows, Consolidated and Parent Company Statement of Changes in Equity and the related notes set out on pages 56 to 102. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 52, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 29 January 2011 and of the Group's and the Parent Company's profit for the year then ended
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU
- The Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006
- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements
- Information given in the Corporate Governance Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us
- The Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns
- Certain disclosures of Directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit
- A Corporate Governance Statement has not been prepared by the Group

Under the Listing Rules we are required to review:

- The Directors' statement, set out on page 39, in relation to going concern
- The part of the Corporate Governance Report relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review
- Certain elements of the report to shareholders by the Board on Directors' remuneration

Stuart Burdass

Stuart Burdass (Senior Statutory Auditor)
For and on behalf of:
KPMG Audit Plc
Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS
13 April 2011

Carbrini hoody, exclusive to JD

Consolidated Income Statement

For the 52 weeks ended 29 January 2011

	Note	52 weeks to 29 January 2011 £000	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000	52 weeks to 30 January 2010 £000
Revenue			**883,669**		769,785
Cost of sales			**(446,657)**		(390,248)
Gross profit			**437,012**		379,537
Selling and distribution expenses - normal		**(326,296)**		(288,462)	
Selling and distribution expenses - exceptional	4	**(3,277)**		(6,458)	
Selling and distribution expenses			**(329,573)**		(294,920)
Administrative expenses - normal		**(32,966)**		(26,051)	
Administrative expenses - exceptional	4	**(1,007)**		1,472	
Administrative expenses			**(33,973)**		(24,579)
Other operating income			**2,177**		2,270
Operating profit			**75,643**		62,308
Before exceptional items			**79,927**		67,294
Exceptional items	4		**(4,284)**		(4,986)
Operating profit			**75,643**		62,308
Share of results of joint venture before exceptional items (net of income tax)	17		**1,475**		539
Share of exceptional items (net of income tax)	17		**1,348**		(1,012)
Share of results of joint venture	17		**2,823**		(473)
Financial income	7		**618**		385
Financial expenses	8		**(455)**		(827)
Profit before tax	3		**78,629**		61,393
Income tax expense	9		**(22,762)**		(18,647)
Profit for the period			**55,867**		42,746
Attributable to equity holders of the parent			**55,884**		42,900
Attributable to non-controlling interest			**(17)**		(154)
Basic earnings per ordinary share	10		**114.84p**		88.16p
Diluted earnings per ordinary share	10		**114.84p**		88.16p

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 29 January 2011

	GROUP		COMPANY	
	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
Profit for the period	**55,867**	42,746	**47,045**	41,314
Other comprehensive income:				
Exchange differences on translation of foreign operations	**95**	(248)	**-**	-
Total other comprehensive income for the period	**95**	(248)	**-**	-
Total comprehensive income and expense for the period (net of income tax)	**55,962**	42,498	**47,045**	41,314
Attributable to equity holders of the parent	**55,979**	42,652	**47,045**	41,314
Attributable to non-controlling interest	**(17)**	(154)	**-**	-

Consolidated Statement of Financial Position

As at 29 January 2011

	Note	GROUP As at 29 January 2011 £000	GROUP As at 30 January 2010 (restated - see note 1) £000	COMPANY As at 29 January 2011 £000	COMPANY As at 30 January 2010 £000
Assets					
Intangible assets	13	**58,315**	50,215	**28,096**	19,395
Property, plant and equipment	14	**78,120**	67,434	**51,539**	47,445
Investment property	15	**3,000**	4,053	**3,000**	4,053
Other assets	16	**13,047**	13,232	**3,590**	3,787
Equity accounted investment in joint venture	17	**3,458**	635	**-**	-
Investments	18	**-**	-	**9,064**	7,864
Deferred tax assets	27	**125**	-	**1,082**	610
Total non-current assets		**156,065**	135,569	**96,371**	83,154
Inventories	20	**84,490**	74,475	**47,472**	44,125
Trade and other receivables	21	**37,105**	31,657	**82,535**	77,380
Cash and cash equivalents	22	**90,131**	64,524	**81,204**	56,954
Total current assets		**211,726**	170,656	**211,211**	178,459
Total assets		**367,791**	306,225	**307,582**	261,613
Liabilities					
Interest-bearing loans and borrowings	23	**(2,874)**	(2,712)	**-**	-
Trade and other payables	25	**(128,445)**	(115,742)	**(85,520)**	(78,294)
Provisions	26	**(2,591)**	(2,920)	**(1,920)**	(1,942)
Income tax liabilities		**(12,370)**	(10,789)	**(11,465)**	(9,917)
Total current liabilities		**(146,280)**	(132,163)	**(98,905)**	(90,153)
Interest-bearing loans and borrowings	23	**(1,117)**	(1,347)	**-**	-
Other payables	25	**(28,782)**	(24,050)	**(24,370)**	(23,464)
Provisions	26	**(6,437)**	(7,395)	**(4,072)**	(5,804)
Deferred tax liabilities	27	**-**	(748)	**-**	-
Total non-current liabilities		**(36,336)**	(33,540)	**(28,442)**	(29,268)
Total liabilities		**(182,616)**	(165,703)	**(127,347)**	(119,421)
Total assets less total liabilities		**185,175**	140,522	**180,235**	142,192
Capital and reserves					
Issued ordinary share capital	28	**2,433**	2,433	**2,433**	2,433
Share premium		**11,659**	11,659	**11,659**	11,659
Retained earnings		**171,916**	125,341	**166,143**	128,100
Other reserves		**(1,918)**	(244)	**-**	-
Total equity attributable to equity holders of the parent		**184,090**	139,189	**180,235**	142,192
Non-controlling interest		**1,085**	1,333	**-**	-
Total equity		**185,175**	140,522	**180,235**	142,192

These financial statements were approved by the Board of Directors on 13 April 2011 and were signed on its behalf by:
B Small
Director

Registered number: 1888425

Consolidated Statement of Changes in Equity

For the 52 weeks ended 29 January 2011

GROUP	Ordinary share capital £000	Share premium £000	Retained earnings £000	Other equity £000	Foreign currency translation reserve £000	**Total equity attributable to equity holders of the parent £000**	Non-controlling interest £000	**Total equity £000**
Balance at 31 January 2009	2,433	11,659	88,378	-	4	**102,474**	1,295	**103,769**
Profit for the period	-	-	42,900	-	-	**42,900**	(154)	**42,746**
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	(248)	**(248)**	-	**(248)**
Total other comprehensive income	-	-	-	-	(248)	**(248)**	-	**(248)**
Total comprehensive income for the period	-	-	42,900	-	(248)	**42,652**	(154)	**42,498**
Dividends to equity holders	-	-	(5,937)	-	-	**(5,937)**	-	**(5,937)**
Acquisition of non-controlling interest	-	-	-	-	-	**-**	192	**192**
Balance at 30 January 2010	2,433	11,659	125,341	-	(244)	**139,189**	1,333	**140,522**
Profit for the period	-	-	55,884	-	-	**55,884**	(17)	**55,867**
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	95	**95**	-	**95**
Total other comprehensive income	-	-	-	-	95	**95**	-	**95**
Total comprehensive income for the period	-	-	55,884	-	95	**55,979**	(17)	**55,962**
Dividends to equity holders	-	-	(9,002)	-	-	**(9,002)**	-	**(9,002)**
Put options held by non-controlling interests	-	-	-	(1,769)	-	**(1,769)**	-	**(1,769)**
Acquisition of non-controlling interest	-	-	(627)	-	-	**(627)**	(573)	**(1,200)**
Disposal of non-controlling interest	-	-	320	-	-	**320**	342	**662**
Balance at 29 January 2011	**2,433**	**11,659**	**171,916**	**(1,769)**	**(149)**	**184,090**	**1,085**	**185,175**

Put options are held by the 49% non-controlling interest in Canterbury of New Zealand and 25% non-controlling interest in Canterbury International (Australia) Pty Limited (see note 25).

COMPANY	Ordinary share capital £000	Share premium £000	Retained earnings £000	**Total equity £000**
Balance at 31 January 2009	2,433	11,659	92,723	**106,815**
Profit for the period	-	-	41,314	**41,314**
Total comprehensive income for the period	-	-	41,314	**41,314**
Dividends to equity holders	-	-	(5,937)	**(5,937)**
Balance at 30 January 2010	2,433	11,659	128,100	**142,192**
Profit for the period	-	-	47,045	**47,045**
Total comprehensive income for the period	-	-	47,045	**47,045**
Dividends to equity holders	-	-	(9,002)	**(9,002)**
Balance at 29 January 2011	**2,433**	**11,659**	**166,143**	**180,235**

Consolidated Statement of Cash Flows

For the 52 weeks ended 29 January 2011

	Note	GROUP		COMPANY	
		52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000	**52 weeks to 29 January 2011 £000**	52 weeks to 30 January 2010 £000
Cash flows from operating activities					
Profit for the period		**55,867**	42,746	**47,045**	41,314
Share of results of joint venture	17	**(2,823)**	473	**-**	-
Income tax expense	9	**22,762**	18,647	**23,789**	17,740
Financial expenses	8	**455**	827	**300**	675
Financial income	7	**(618)**	(385)	**(844)**	(549)
Depreciation and amortisation of non-current assets	3	**20,375**	17,863	**14,229**	13,274
Exchange differences on translation		**(158)**	(49)	**-**	-
Impairment of intangible assets	4	**-**	2,617	**-**	-
Impairment of non-current assets	4	**-**	408	**-**	105
Impairment of investment	18	**-**	-	**-**	3,470
Impairment of investment property	4	**1,007**	-	**1,007**	-
Profit on disposal of available for sale investments	4	**-**	(4,089)	**-**	(4,089)
Loss on disposal of non-current assets	4	**1,440**	2,148	**1,419**	1,525
Increase in inventories		**(9,622)**	(6,062)	**(3,347)**	(1,114)
Increase in trade and other receivables		**(5,209)**	(8,179)	**(6,111)**	(23,597)
Increase in trade and other payables		**14,676**	25,326	**6,378**	17,743
Interest paid		**(455)**	(827)	**(300)**	(675)
Income taxes paid		**(22,002)**	(15,848)	**(21,761)**	(16,089)
Net cash from operating activities		**75,695**	75,616	**61,804**	49,733
Cash flows from investing activities					
Interest received		**618**	385	**844**	549
Proceeds from sale of non-current assets		**1,082**	532	**19**	2
Disposal costs of non-current assets		**(491)**	(644)	**(461)**	(359)
Acquisition of intangible assets	13	**(9,560)**	(6,672)	**(9,210)**	-
Acquisition of property, plant and equipment	14	**(30,855)**	(21,472)	**(18,335)**	(13,122)
Acquisition of non-current other assets		**(2,114)**	(1,429)	**(1,132)**	(665)
Cash consideration of acquisitions	11	**-**	(9,100)	**-**	(4,666)
Cash acquired with acquisitions	11	**-**	2,273	**-**	-
Overdrafts acquired with acquisitions	11	**-**	(1,129)	**-**	-
Acquisition of available for sale investment	19	**-**	(9,990)	**-**	(9,990)
Proceeds from disposal of available for sale investment	19	**-**	16,132	**-**	16,132
Third party loan repayments		**-**	80	**-**	80
Loan repayments received from joint venture	16	**923**	1,750	**923**	1,750
Net cash used in investing activities		**(40,397)**	(29,284)	**(27,352)**	(10,289)
Cash flows from financing activities					
Repayment of interest-bearing loans and borrowings		**(310)**	(1,836)	**-**	(83)
Acquisition of non-controlling interest	11	**(1,200)**	-	**(1,200)**	-
Sale of subsidiary shares to non-controlling interest	12	**662**	-	**-**	-
Dividends paid	29	**(9,002)**	(5,937)	**(9,002)**	(5,937)
Net cash used in financing activities		**(9,850)**	(7,773)	**(10,202)**	(6,020)
Net increase in cash and cash equivalents	32	**25,448**	38,559	**24,250**	33,424
Cash and cash equivalents at the beginning of the period	32	**62,097**	23,538	**56,954**	23,530
Cash and cash equivalents at the end of the period	32	**87,545**	62,097	**81,204**	56,954

Notes to the Consolidated Financial Statements

1. Significant accounting policies

JD Sports Fashion Plc, (the 'Company') is a company incorporated and domiciled in the United Kingdom. The financial statements for the 52 week period ended 29 January 2011 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 13 April 2011.

Basis of preparation
European Union law ('EU 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 29 January 2011.

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 s408 of the Companies Act 2006 not to present its individual income statement and related notes.

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 judgements, 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.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Executive Chairman's Statement and Financial and Risk Review on pages 13 and 19 respectively. In addition, details of financial instruments and exposures to interest rate, foreign currency, credit and liquidity risks are outlined in note 24.

As at 29 January 2011, the Group had net cash balances of £86,140,000 (2010: £60,465,000) and undrawn committed borrowing facilities of £70,000,000. Subsequent to the year end, a new committed borrowing facility of £75,000,000 has been agreed. Further information on this new facility is provided in note 35. Given the funding position, the Directors believe that the Group is well placed to manage its business risks successfully.

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

Adoption of new and revised standards
From 31 January 2010 the Group has applied IFRS 3R 'Business Combinations' in accounting for business combinations. The change in accounting policy has been applied prospectively.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

For acquisitions on or after 31 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, negative goodwill is recognised immediately in the Consolidated Income Statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Consolidated Income Statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the Consolidated Income Statement.

For acquisitions from 1 February 2004 to 30 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, negative goodwill was recognised immediately in the Consolidated Income Statement as an exceptional item. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

From 31 January 2010 the Group has applied IAS 27 'Consolidated and Separate Financial Statements' (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Notes to the Consolidated Financial Statements (continued)

1. Significant accounting policies (continued)

Adoption of new and revised standards (continued)
A number of new standards, amendments to standards and interpretations have been issued during the year ended 29 January 2011 but are not yet effective, and therefore have not yet been adopted by the Group.

An amendment to IAS 32 'Financial Instruments: Presentation' (Classification of rights issues) is mandatory for years commencing on or after 1 February 2010. The amendment allows rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Adoption of this standard is not expected to have a significant impact on the Group.

Revised IAS 24 'Related Party Disclosure' is mandatory for years commencing on or after 1 January 2011. The standard amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The adoption of this standard is not expected to have a significant impact on the Group.

IFRS 9 'Financial Instruments' is applicable from 2013. If endorsed, this standard will simplify the classification of financial assets for measurement purposes, but is not anticipated to have a significant impact on the financial statements.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future reporting periods.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Prior period restatement
The comparative Group Consolidated Statement of Financial Position as at 30 January 2010 has been restated to reflect the completion in the period to 29 January 2011 of initial accounting in respect of the acquisition of Kooga Rugby Limited made in the period to 30 January 2010. Adjustments made to the provisional calculation of the fair value of assets and liabilities acquired, as reported at 30 January 2010, in the period to 29 January 2011, resulted in an increase to goodwill of £94,000. The impact of this adjustment on the net liabilities is shown in note 11. As the acquisition of Kooga Rugby Limited occurred in the year to 30 January 2010 this adjustment has no impact on the Consolidated Statement of Financial Position as at 31 January 2009 and so it has not been presented in these accounts.

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 are presently 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. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to holders of the parent. Non-controlling interests consist of the amount of those interests at the date that control commences and the attributable 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 Consolidated Statement of Financial Position 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.

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 instalments 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 instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental costs 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 within non-current other 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 life of each part of an item of property, plant and equipment. The estimated useful economic lives are as follows:

- Freehold land — not depreciated
- 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 - 4 years on a straight line basis
- Fixtures and fittings — 5 - 7 years, or length of lease if shorter, on a straight line basis
- Motor vehicles — 25% per annum on a reducing balance basis

1. Significant accounting policies (continued)

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 acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries.

For acquisitions on or after 31 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, negative goodwill is recognised immediately in the Consolidated Income Statement.

In respect of business acquisitions that occurred from 1 February 2004 to 30 January 2010, 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. When the excess was negative (negative goodwill), it was recognised immediately in the Consolidated Income Statement as an exceptional item.

In respect of acquisitions prior to 1 February 2004, 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 1 February 2004 has not been reconsidered in preparing the Group's opening adopted IFRS balance sheet at 1 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 and distribution companies acquired. 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.

II. Other intangible assets
Other intangible assets represent brand licences, brand names 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.

Brand names acquired are initially stated at fair value less accumulated amortisation and impairment losses. The useful economic life of each purchased brand name is considered to be finite. Amortisation of brand names is charged to the Consolidated Income Statement over their useful life on a straight line basis.

Separately identifiable fascia names acquired are initially stated at fair value less accumulated 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.

Changes in ownership interest without a loss of control
In accordance with IAS 27 'Consolidated and Separate Financial Statements' (2008), upon a change in ownership interest in a subsidiary without a loss of control, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Acquisitions of non-controlling interests are therefore accounted for as transactions with owners in their capacity as owners and no goodwill is recognised as a result of such transactions. Associated transaction costs are accounted for within equity.

Available for sale investments
Available for sale investments comprise investments in listed equity shares that are traded in an active market. Available for sale financial assets are measured at fair value with fair value gains or losses recognised directly in equity through the Consolidated Statement of Comprehensive Income and recycled into the Consolidated Income Statement on sale or impairment of the asset. A significant or prolonged decline in market value is deemed to be objective evidence of impairment. At this point, the cumulative gain or loss previously recognised in equity is recognised in profit or loss for the period. Transaction costs that are directly attributable to the acquisition of available for sale investments are added to the fair value on initial recognition.

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.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows 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.

Notes to the Consolidated Financial Statements (continued)

1. Significant accounting policies (continued)

Non-current other assets

I. Key money
Monies paid in certain countries to give access to retail locations are capitalised within non-current assets. These assets are not depreciated but will be impaired if evidence exists that the market value is less than the historic cost. Gains/losses on key money from the subsequent disposal of these retail locations are recognised in the Consolidated Income Statement.

II. Deposits
Money paid in certain countries as deposits to store landlords as protection against non-payment of rent, is capitalised within non-current assets. A provision for the impairment of these deposits is established when there is objective evidence that the landlord will not repay the deposit in full.

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

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 are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows, as these are used as an integral part of the Group's cash management.

Net cash/interest-bearing loans and borrowings
Net cash consists of cash and cash equivalents together with other borrowings from bank loans and overdrafts, 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 reporting 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 reporting date. Income and expenses are translated at the average exchange rate for the accounting period. Foreign currency differences are recognised in Other Comprehensive Income and are presented in the foreign currency translation reserve.

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 Consolidated Statement of Financial Position 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 reporting date, taking into account current interest rates and the respective risk profiles of the swap counterparties.

Put options held by non-controlling interests
The Group recognises put options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Statement of Financial Position at the present value of the estimated exercise price of the put option. Upon initial recognition, and for subsequent changes on remeasurement of the liability, a corresponding entry is made to other equity.

Hedging 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 Consolidated Statement of Financial Position 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.

Within the onerous contracts provision, management make provisions where the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations under that contract.

Revenue
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

In the case of goods sold through the retail stores and trading websites, revenue is recognised when goods are sold and the title has passed, less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale. Retail sales are usually in cash, by debit card or by credit card.

In the case of goods sold through the distribution businesses, revenue is recognised when goods are sold and the title has passed less a provision for credit notes. Distribution sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

1. Significant accounting policies (continued)

Exceptional items
Items that are, in aggregate, material in size and 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 assets
- Impairment of intangible assets
- Impairment of available for sale investments
- Impairment of investment property
- Loss/(profit) on disposal of available for sale investments
- Negative goodwill

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 reporting date, adjusted for any tax paid in respect of prior years.

II. **Deferred tax**
Deferred tax is recognised in respect of 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 reporting 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'). A CGU for the purposes of property, plant and equipment impairment reviews is an individual store or a collection of stores where the cash flows are not independent. In respect of goodwill, the cash-generating units used to monitor goodwill and test for impairment are the store portfolios and distribution companies acquired. 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.

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 judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

I. **Impairment of goodwill**
Goodwill arising on acquisition is allocated to the cash-generating units that are expected to benefit from the synergies of the business combination from which goodwill arose. In the case of retail acquisitions, goodwill is allocated to groups of cash-generating units, being portfolios of stores, whereas for acquisition of distribution businesses, goodwill is allocated to the individual distribution company acquired. The cash-generating units used to monitor goodwill and test it for impairment are therefore the store portfolios and distribution companies acquired. The recoverable amounts of these cash-generating units are 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. See note 13 for further disclosure on impairment of goodwill and review of the key assumptions used.

II. **Impairment of property, plant and equipment and non-current other assets**
Property, plant and equipment and non-current other assets 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 recoverable amount is the greater of the fair value less costs to sell and value-in-use. Impairment losses recognised in prior periods are assessed at each reporting period date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would be held (net of depreciation) if no impairment had been realised.

Notes to the Consolidated Financial Statements (continued)

1. Significant accounting policies (continued)

Critical accounting estimates and judgements (continued)

III. Impairment of other intangible assets with definite lives
The Group is required to test whether other intangible assets with a definite useful economic life have suffered any impairment. The recoverable amount of brand names is based on an estimation of future sales and the choice of a suitable royalty and discount rate in order to calculate the present value. The recoverable amount of brand licences is based on an estimation of future sales and other specific cash flows, the contracted royalty rate and the choice of a suitable discount rate in order to calculate the present value. Note 13 provides further disclosure on impairment of other intangible assets with definite lives, including review of the key assumptions used.

IV. Impairment of other intangible assets with infinite lives
The Group is required to test whether other intangible assets with an infinite useful economic life have suffered any impairment. The recoverable amount of these assets is 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. Note 13 provides further detail of the judgements made by the Board in determining that the lives of acquired fascia names are infinite and further disclosure on impairment of other intangible assets with infinite lives, including review of the key assumptions used.

V. 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.

VI. 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. Significant assumptions and judgements are used in making these estimates and changes in assumptions and future events could cause the value of these provisions to change. This would include sublet premises becoming vacant, the liquidation of an assignee resulting in a property reverting to the Group or closing an uneconomic store and subletting at below contracted rent.

VII. Onerous contract provisions
The Group makes a provision for specific onerous contracts where there is a shortfall between the anticipated revenues and costs pertaining to those contracts. Significant assumptions and judgements are used in making these estimates, and changes in assumptions and future events could cause the value of these provisions to change.

VIII. Value of put options held by non-controlling interests
The Group recognises put options over non-controlling interests in its subsidiary undertakings as a liability in the Consolidated Statement of Financial Position at the present value of the estimated exercise price of the put option. The present value of the non-controlling interests' put options are estimated based on expected earnings in Board-approved forecasts and the choice of a suitable discount rate (see note 25).

IX. Estimation of useful economic lives of brand names
The Group amortises brand names over their useful economic life. In determining the useful economic life of each brand name, the Board considers the market position of the brands acquired, the nature of the market that the brands operate in, typical product life cycles of brands and the useful economic lives of similar assets that are used in comparable ways.

X. Determination of fair value of assets and liabilities on acquisition
For each acquisition, the Group reviews the appropriateness of the book values of the assets and liabilities acquired, taking into account the application of Group accounting policies, to determine if fair value adjustments are required. The key judgements involved are the identification and valuation of intangible assets which require the estimation of future cash flows and the selection of a suitable discount rate.

2. Segmental analysis

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

Information reported to the Chief Operating Decision Maker is focused on the nature of the businesses within the Group. The Group's reportable segments under IFRS 8 are therefore as follows:

- Sport retail - includes the results of the sport retail trading companies JD Sports Fashion Plc, John David Sports Fashion (Ireland) Limited, Chausport SA and Duffer of St George Limited
- Fashion retail - includes the results of the fashion retail trading companies Bank Fashion Limited and RD Scott Limited
- Distribution businesses - includes the results of the distribution companies Topgrade Sportswear Limited, Nicholas Deakins Limited, Canterbury Limited (including global subsidiary companies), Kooga Rugby Limited and Nanny State Limited

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

IFRS 8 requires disclosure of information regarding revenue from major products and customers. The majority of the Group's revenue is derived from the retail of a wide range of apparel, footwear and accessories to the general public. As such, the disclosure of revenues from major products and customers is not appropriate.

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

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. The share of results of joint venture is presented as unallocated in the following tables, as this entity has trading relationships with companies in all of the three segments. An asset of £3,458,000 (2010: £635,000) for the equity accounted investment in joint venture is included within the unallocated segment. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. A deferred tax asset of £125,000 (2010: liability of £748,000) and an income tax liability of £12,370,000 (2010: £10,789,000) are included within the unallocated segment.

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

Notes to the Consolidated Financial Statements (continued)

2. Segmental analysis (continued)

Business segments
Information regarding the Group's reportable operating segments for the 52 weeks to 29 January 2011 is shown below:

Income statement	Sport retail £000	Fashion retail £000	Distribution £000	**Total £000**
Gross revenue	667,224	134,110	85,498	**886,832**
Intersegment revenue	(1,290)	(162)	(1,711)	**(3,163)**
Revenue	665,934	133,948	83,787	**883,669**
Operating profit before exceptional items	73,340	6,399	188	**79,927**
Exceptional items	(2,687)	(1,573)	(24)	**(4,284)**
Operating profit	70,653	4,826	164	**75,643**
Share of results of joint venture				**2,823**
Financial income				**618**
Financial expenses				**(455)**
Profit before tax				**78,629**
Income tax expense				**(22,762)**
Profit for the period				**55,867**

Total assets and liabilities	Sport retail £000	Fashion retail £000	Distribution £000	Unallocated £000	Eliminations £000	Total £000
Total assets	310,244	56,182	50,822	3,583	(53,040)	367,791
Total liabilities	(120,727)	(51,546)	(51,013)	(12,370)	53,040	(182,616)
Total segment net assets/(liabilities)	**189,517**	**4,636**	**(191)**	**(8,787)**	**-**	**185,175**

Other segment information	Sport retail £000	Fashion retail £000	Distribution £000	Total £000
Capital expenditure:				
Brand licence purchased	7,500	-	-	7,500
Brand names purchased	1,710	-	350	2,060
Property, plant and equipment	23,553	6,656	646	30,855
Non-current other assets	2,092	22	-	2,114
Depreciation, amortisation and impairments:				
Depreciation and amortisation of non-current assets	15,679	3,454	1,242	20,375
Impairment of investment property	1,007	-	-	1,007

Notes to the Consolidated Financial Statements (continued)

2. Segmental analysis (continued)

Business segments (continued)
The comparative segmental results for the 52 weeks to 30 January 2010 are as follows:

Income statement	Sport retail £000	Fashion retail £000	Distribution £000	**Total £000**
Gross revenue	615,507	114,640	42,551	**772,698**
Intersegment revenue	(1,225)	(394)	(1,294)	**(2,913)**
Revenue	614,282	114,246	41,257	**769,785**
Operating profit/(loss) before exceptional items	64,125	3,333	(164)	**67,294**
Exceptional items	(642)	(4,355)	11	**(4,986)**
Operating profit/(loss)	63,483	(1,022)	(153)	**62,308**
Share of results of joint venture				**(473)**
Financial income				**385**
Financial expenses				**(827)**
Profit before tax				**61,393**
Income tax expense				**(18,647)**
Profit for the period				**42,746**

Total assets and liabilities	Sport retail £000	Fashion retail £000	Distribution £000	Unallocated £000	Eliminations £000	Total £000
Total assets	264,394	51,180	40,572	635	(50,556)	306,225
Total liabilities	(112,618)	(51,561)	(40,543)	(11,537)	50,556	(165,703)
Total segment net assets/(liabilities)	**151,776**	**(381)**	**29**	**(10,902)**	**-**	**140,522**

Other segment information	Sport retail £000	Fashion retail £000	Distribution £000	Total £000
Capital expenditure:				
Goodwill on acquisition (restated - see note 1)	-	-	1,537	1,537
Brand names on acquisition	2,042	-	453	2,495
Brand names purchased	-	-	6,672	6,672
Property, plant and equipment	13,517	7,383	572	21,472
Non-current other assets	1,424	5	-	1,429
Available for sale investment	9,990	-	-	9,990
Depreciation, amortisation and impairments:				
Depreciation and amortisation of non-current assets	14,067	3,279	517	17,863
Impairment of intangible assets	-	2,617	-	2,617
Impairment of non-current assets	105	303	-	408

2. Segmental analysis (continued)

Geographical information

The Group's operations are located in the UK, Republic of Ireland, France, Australia, New Zealand, United States of America and Hong Kong.

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

Revenue	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
UK	**801,728**	722,221
Europe	**55,027**	45,094
Rest of world	**26,914**	2,470
	883,669	769,785

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

The following is an analysis of the carrying amount of segmental non-current assets, excluding the investment in joint venture of £3,458,000 (2010: £635,000), deferred tax assets of £125,000 (2010: £nil) and other financial assets of £nil (2010: £922,000), by the geographical area in which the assets are located:

Non-current assets	2011 £000	2010 (restated - see note 1) £000
UK	**135,852**	120,416
Europe	**16,362**	13,311
Rest of world	**268**	285
	152,482	134,012

3. Profit before tax

	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £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	**117**	106
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**249**	196
Other services pursuant to legislation	**38**	30
Tax services	**94**	108
All other services	**11**	11
Depreciation and amortisation of non-current assets:		
Depreciation of property, plant and equipment - owned	**18,338**	16,660
Depreciation of investment property - owned	**46**	49
Amortisation of intangible assets	**1,460**	762
Amortisation of non-current other assets - owned	**531**	392
Impairments of non-current assets:		
Property, plant and equipment	**-**	407
Intangible assets (see note 4)	**-**	2,617
Investment property (see note 4)	**1,007**	-
Other non-current assets	**-**	1
Rentals payable under non-cancellable operating leases for:		
Land and buildings	**80,632**	75,751
Other - plant and equipment	**1,716**	1,459
Provision to write down inventories to net realisable value	**1,627**	827
Foreign exchange loss recognised	**(568)**	-
Profit before tax is stated after crediting:		
Rents receivable and other income from property	**682**	892
Sundry income	**1,495**	1,378
Foreign exchange gain recognised	**-**	572

In addition, fees of £30,000 (2010: £25,000) were incurred and paid by Pentland Group Plc (see note 36) in relation to the non-coterminous audit of the Group for the purpose of inclusion in their consolidated financial statements.

Non-current other assets comprise key money, store deposits and legal fees associated with the acquisition of leasehold interests (see note 16).

4. Exceptional items

	Note	**52 weeks to 29 January 2011 £000**	52 weeks to 30 January 2010 £000
Loss on disposal of non-current assets (1)		**1,440**	2,148
Impairment of non-current assets (2)		**-**	408
Onerous lease provision (3)	26	**1,837**	3,902
Selling and distribution expenses - exceptional		**3,277**	6,458
Impairment of intangible assets (4)	13	**-**	2,617
Impairment of investment property (5)	15	**1,007**	-
Profit on disposal of available for sale investments (6)	19	**-**	(4,089)
Administrative expenses - exceptional		**1,007**	(1,472)
		4,284	4,986

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

(2) Relates to property, plant and equipment and non-current other assets in cash-generating units which are loss making, where it is considered that this position cannot be recovered

(3) Relates to the net movement in the provision for onerous property leases on trading and non-trading stores (see note 26)

(4) Relates to the impairment in the period to 30 January 2010 of the residual goodwill on the acquisition of the entire issued share capital of RD Scott Limited (see note 13)

(5) Relates to the impairment in the period to 29 January 2011 of investment property (see note 15)

(6) The Group held a non-strategic investment in JJB Sports Plc until 9 December 2009 when it disposed of 65,018,098 ordinary shares for 25p per share, giving a realised loss on disposal of £1,988,000. After recognising an impairment of £6,077,000 in the year ended 31 January 2009 this resulted in an exceptional gain in the period to 30 January 2010 of £4,089,000 (see note 19)

5. Remuneration of Directors

	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
Directors' emoluments:		
As Non-Executive Directors	**90**	66
As Executive Directors	**3,381**	3,009
Pension contributions	**47**	44
	3,518	3,119

The remuneration of the Executive Directors includes retention payments totalling £nil (2010: £500,000) and provision for future LTIP payments of £771,000 (2010: £708,000). Further information on Directors' emoluments is shown in the Directors' Remuneration Report on page 45.

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:

GROUP	2011	2010
Sales and distribution	**10,906**	10,081
Administration	**325**	253
	11,231	10,334
Full time equivalents	**6,759**	6,128

The aggregate payroll costs of these persons were as follows:

GROUP	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
Wages and salaries	**122,946**	107,464
Social security costs	**9,711**	8,010
Other pension costs (see note 31)	**1,201**	809
	133,858	116,283

In the opinion of the Board, the key management as defined under IAS 24 ‘Related Party Disclosures’ are the six Executive and Non-Executive Directors (2010: five). Full disclosure of the Directors’ remuneration is given in the Directors’ Remuneration Report on page 45.

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

COMPANY	2011	2010
Sales and distribution	**8,185**	7,875
Administration	**225**	207
	8,410	8,082
Full time equivalents	**4,899**	4,706

The aggregate payroll costs of these person were as follows:

COMPANY	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
Wages and salaries	**85,913**	80,718
Social security costs	**5,911**	5,372
Other pension costs	**484**	449
	92,308	86,539

7. Financial income

	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
Bank interest	**579**	240
Other interest	**39**	145
	618	385

8. Financial expenses

	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
On bank loans and overdrafts	**380**	511
Amortisation of facility costs	**-**	160
Other interest	**75**	156
	455	827

9. Income tax expense

	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
Current tax		
UK corporation tax at 28.0% (2010: 28.0%)	**23,250**	18,125
Adjustment relating to prior periods	**385**	148
Total current tax charge	**23,635**	18,273
Deferred tax		
Deferred tax (origination and reversal of temporary differences)	**52**	254
Adjustment relating to prior periods	**(925)**	120
Total deferred tax (credit)/charge (see note 27)	**(873)**	374
Income tax expense	**22,762**	18,647

Reconciliation of income tax expense

	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
Profit before tax multiplied by the standard rate of corporation tax in the UK of 28.0% (2010: 28.0%)	**22,016**	17,190
Effects of:		
Expenses not deductible	**845**	259
Depreciation and impairment of non-qualifying non-current assets (including brand names arising on consolidation)	**1,056**	936
Impairment of investment property	**282**	-
Loss on disposal of non-qualifying non-current assets	**77**	267
Reversal of non-qualifying impairment of available for sale investments	**-**	(1,145)
Effect of tax rates in foreign jurisdictions	**35**	(48)
(Profit)/loss from joint venture - after tax result included	**(790)**	132
Non-qualifying impairment of goodwill on consolidation	**-**	733
Recognition of previously unrecognised tax losses	**(43)**	(95)
Other differences	**-**	150
Reduction in tax rate	**(23)**	-
Change in unrecognised temporary differences	**(153)**	-
(Over)/under provided in prior periods	**(540)**	268
Income tax expense	**22,762**	18,647

10. Earnings per ordinary share

Basic and diluted earnings per ordinary share
The calculation of basic and diluted earnings per ordinary share at 29 January 2011 is based on the profit for the period attributable to equity holders of the parent of £55,884,000 (2010: £42,900,000) and a weighted average number of ordinary shares outstanding during the 52 weeks ended 29 January 2011 of 48,661,658 (2010: 48,661,658).

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

Adjusted basic and diluted earnings per ordinary share
Adjusted basic and diluted earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. The Directors consider that this gives a more meaningful measure of the underlying performance of the Group.

	Note	**52 weeks to 29 January 2011 £000**	52 weeks to 30 January 2010 £000
Profit for the period attributable to equity holders of the parent		**55,884**	42,900
Exceptional items excluding loss on disposal of non-current assets	4	**2,844**	2,838
Tax relating to exceptional items		**(514)**	(1,184)
Share of exceptional items of joint venture (net of income tax)	17	**(1,348)**	1,012
Profit for the period attributable to equity holders of the parent excluding exceptional items		**56,866**	45,566
Adjusted basic and diluted earnings per ordinary share		**116.86p**	93.64p

11. Acquisitions

Current period acquisitions

Acquisition of non-controlling interest in Topgrade Sportswear Limited
On 21 June 2010, the Group acquired a further 29% of the issued share capital of Hallco 1521 Limited (the intermediate holding company of Topgrade Sportswear Limited) for a cash consideration of £1,200,000. This takes the Group's holding to 80%. The Group's original share of 51% was acquired on 7 November 2007. Topgrade Sportswear Limited is a distributor and multichannel retailer of sports and fashion clothing and footwear. As the Group already had control of Hallco 1521 Limited, the increase in Group ownership has been accounted for as an equity transaction.

Nanny State Limited
On 4 August 2010, the Group (via its new subsidiary Nanny State Limited) acquired the global rights to the fashion footwear and apparel brand, 'Nanny State', from D.R.I.P Brands Limited (in administration) and D.R. Shoes Limited (in administration) for a cash consideration of £350,000. Inventory with a value of £141,000 and other debtors with a value of £86,000 were also acquired. The book value of the assets acquired is considered to be the fair value.

Included in the result for the 52 week period to 29 January 2011 is revenue of £771,000 and a loss before tax of £15,000 in respect of Nanny State Limited.

11. Acquisitions (continued)

Prior period acquisitions

Acquisition of Kooga Rugby Limited
On 3 July 2009, the Group acquired 100% of the issued share capital of Kooga Rugby Limited for a consideration of £1 together with associated fees of £30,000. Kooga Rugby Limited is involved in the design, sourcing and wholesale of rugby apparel, footwear and accessories and is sole kit supplier to a number of professional rugby union and rugby league clubs.

During the 12 month period following acquisition, certain measurement adjustments have been made to the provisional fair values of the net liabilities of Kooga Rugby Limited as at the acquisition date in accordance with IFRS 3 'Business Combinations'. The adjustments from 1 August 2009 to 30 January 2010 are shown in the Annual Report and Accounts 2010. The adjustments from 31 January 2010 to determine the final fair value of liabilities acquired are shown below:

	Provisional fair value at 30 January 2010 £000	Fair value adjustments £000	**Fair value at 29 January 2011 £000**
Acquiree's net liabilities at the acquisition date:			
Intangible assets	453	-	**453**
Property, plant and equipment	102	-	**102**
Inventories	1,082	(94)	**988**
Trade and other receivables	1,018	-	**1,018**
Interest-bearing loans and borrowings	(1,449)	-	**(1,449)**
Trade and other payables	(2,035)	-	**(2,035)**
Provisions	(584)	-	**(584)**
Net identifiable liabilities	(1,413)	(94)	**(1,507)**
Goodwill on acquisition	1,443	94	**1,537**
Consideration paid - satisfied in cash	30	-	**30**

Acquisition of Chausport SA
On 19 May 2009, the Group (via its new subsidiary JD Sports Fashion (France) SAS) acquired 100% of the issued share capital of Chausport SA for a cash consideration of £7,211,000 (€8,000,000) together with associated fees of £696,000. Chausport SA is a French retailer, which at the time of acquisition had 78 stores in premium locations in town centres and shopping centres across France.

During the 12 month period following acquisition, no measurement adjustments were made to the provisional fair values of the net assets of Chausport SA as at the acquisition date.

	Provisional fair value at 30 January 2010 £000	Fair value adjustments £000	**Fair value at 29 January 2011 £000**
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	1,558	-	**1,558**
Non-current other assets	9,278	-	**9,278**
Inventories	5,770	-	**5,770**
Trade and other receivables	1,350	-	**1,350**
Cash and cash equivalents	639	-	**639**
Interest-bearing loans and borrowings	(2,318)	-	**(2,318)**
Trade and other payables	(8,370)	-	**(8,370)**
Net identifiable assets	7,907	-	**7,907**
Goodwill on acquisition	-	-	**-**
Consideration paid - satisfied in cash	7,907	-	**7,907**

11. Acquisitions (continued)

Canterbury Limited
On 4 August 2009, the Group (via its new subsidiary Canterbury Limited) acquired the global rights to the rugby brands 'Canterbury' and 'Canterbury of New Zealand' from Canterbury Europe Limited (in administration) for a cash consideration of £6,672,000. Inventory with a fair value of £4,289,000 was also acquired. The book value of the assets acquired was considered to be the fair value and no goodwill arose on the acquisition.

The final fair value of the net assets acquired was £10,961,000. During the 12 month period following acquisition, no measurement adjustments have been made to the provisional fair values of the net assets of Canterbury Limited as at the acquisition date.

Canterbury International (Far East) Limited
On 4 August 2009, Canterbury Limited acquired 100% of the issued share capital of Canterbury International (Far East) Limited for a cash consideration of £1. The provisional fair value of the assets and liabilities acquired was £1. No goodwill arose on this acquisition.

The final fair value of the net assets acquired was £1. During the 12 month period following acquisition, no measurement adjustments have been made to the provisional fair values of the net assets of Canterbury International (Far East) Limited as at the acquisition date.

Canterbury (North America) LLC
On 24 November 2009, Canterbury Limited (via its new subsidiary Canterbury (North America) LLC) acquired the key trading assets from Sail City Apparel Limited (in liquidation). The total cash consideration paid was £442,000 which included inventory with a value of £392,000 with associated fees of £50,000. The book value of the assets acquired was considered to be the fair value and no goodwill arose on the acquisition.

The final fair value of the net assets acquired was £442,000. During the 12 month period following acquisition, no measurement adjustments have been made to the provisional fair values of the net assets of Canterbury (North America) LLC as at the acquisition date.

Acquisition of Canterbury International (Australia) Pty Limited
On 23 December 2009, Canterbury Limited acquired 100% of the issued share capital of Canterbury International (Australia) Pty Limited for a cash consideration of £2 together with associated fees of £100,000. Canterbury International (Australia) Pty Limited operates the Canterbury brand in Australia.

During the 12 month period following acquisition, no measurement adjustments have been made to the provisional fair values of the net assets of Canterbury International (Australia) Pty Limited as at the acquisition date.

	Provisional fair value at 30 January 2010 £000	Fair value adjustments £000	**Fair value at 29 January 2011 £000**
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	144	-	**144**
Inventories	1,866	-	**1,866**
Trade and other receivables	1,175	-	**1,175**
Cash and cash equivalents	918	-	**918**
Trade and other payables	(3,386)	-	**(3,386)**
Intercompany loan	(617)	-	**(617)**
Net identifiable assets	100	-	**100**
Goodwill on acquisition	-	-	**-**
Consideration paid - satisfied in cash	100	-	**100**

Acquisition of Canterbury of New Zealand Limited
On 23 December 2009, Canterbury Limited acquired 51% of the issued share capital of Canterbury of New Zealand Limited for a cash consideration of £1 together with associated fees of £200,000. Canterbury of New Zealand Limited operates the Canterbury brand in New Zealand.

During the 12 month period following acquisition, no measurement adjustments have been made to the provisional fair values of the net assets of Canterbury of New Zealand Limited as at the acquisition date.

	Provisional fair value at 30 January 2010 £000	Fair value adjustments £000	**Fair value at 29 January 2011 £000**
Acquiree's net assets at acquisition date:			
Property, plant and equipment	123	-	**123**
Inventories	1,501	-	**1,501**
Trade and other receivables	1,256	-	**1,256**
Cash and cash equivalents	504	-	**504**
Trade and other payables	(1,450)	-	**(1,450)**
Income tax liabilities	(8)	-	**(8)**
Intercompany loan	(771)	-	**(771)**
Shareholder loan	(763)	-	**(763)**
Net identifiable assets	392	-	**392**
Non-controlling interest (49%)	(192)	-	**(192)**
Goodwill on acquisition	-	-	-
Consideration paid - satisfied in cash	200	-	**200**

11. Acquisitions (continued)

Acquisition of Duffer of St George Limited
On 24 November 2009, the Group acquired 100% of the issued share capital of Duffer of St George Limited for a cash consideration of £863,000. Duffer of St George Limited owns the global rights to the brand name 'The Duffer of St George'.

During the 12 month period following acquisition, no measurement adjustments have been made to the provisional fair values of the net assets of Duffer of St George Limited as at the acquisition date.

	Provisional fair value at 30 January 2010 £000	Fair value adjustments £000	**Fair value at 29 January 2011 £000**
Acquiree's net assets at the acquisition date:			
Intangible assets	2,042	-	**2,042**
Trade and other receivables	220	-	**220**
Cash and cash equivalents	212	-	**212**
Interest-bearing loans and borrowings	(1,616)	-	**(1,616)**
Deferred tax asset	5	-	**5**
Net identifiable assets	863	-	**863**
Goodwill on acquisition	-	-	**-**
Consideration paid - satisfied in cash	863	-	**863**

12. Disposals

Disposal of 25% of issued ordinary share capital of Canterbury International (Australia) Pty Limited
On 28 January 2011, Canterbury Limited disposed of 25% of the issued ordinary share capital of Canterbury International (Australia) Pty Limited to the local management team by issuing new shares in exchange for a cash consideration of AUD $1,100,000. This takes the Group's shareholding to 75%. As the Group has maintained control of Canterbury International (Australia) Pty Limited, the decrease in Group ownership has been accounted for as an equity transaction.

13. Intangible assets

GROUP	Goodwill £000	Brand licences £000	Brand names £000	Fascia name £000	Total £000
Cost or valuation					
At 31 January 2009	40,804	4,279	-	5,481	50,564
Acquisitions (restated - see note 1)	1,537	-	9,167	-	10,704
At 30 January 2010	42,341	4,279	9,167	5,481	61,268
Acquisitions	-	7,500	2,060	-	9,560
At 29 January 2011	42,341	11,779	11,227	5,481	70,828
Amortisation and impairment					
At 31 January 2009	7,252	422	-	-	7,674
Charge for the period	-	362	400	-	762
Impairment	2,617	-	-	-	2,617
At 30 January 2010	9,869	784	400	-	11,053
Charge for the period	-	424	1,036	-	1,460
At 29 January 2011	9,869	1,208	1,436	-	12,513
Net book value					
At 29 January 2011	**32,472**	**10,571**	**9,791**	**5,481**	**58,315**
At 30 January 2010	32,472	3,495	8,767	5,481	50,215
At 31 January 2009	33,552	3,857	-	5,481	42,890

13. Intangible assets (continued)

Goodwill impairment
The impairment in the prior period related to the residual goodwill on the acquisition in the year to 29 January 2005 of the entire issued share capital of RD Scott Limited. An initial impairment of £2,000,000 was recognised in the year to 27 January 2007. Although the performance of the business had improved since this point, it had not progressed sufficiently to justify carrying the remaining goodwill and so the remaining balance of £2,617,000 was impaired in the year to 30 January 2010.

Brand licences
Brand licences comprise the following:

I. **Fila brand licence**
On 20 January 2011, the Group acquired a 10 year licence for the exclusive use of the Fila brand in the UK and Republic of Ireland for a cash consideration of £7,500,000. 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.

II. **Sergio Tacchini brand licence**
The Group has a sub-licence to use the Sergio Tacchini brand in the UK until 2019. The original cost of £4,279,000 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.

Brand names
Brand names comprise the following:

I. **Sonneti brand name**
On 26 April 2010, the Group acquired the global rights to the fashion brand name, 'Sonneti', for £1,520,000. This brand name is being amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement. At 29 January 2011 the net book value of this brand was £1,444,000.

II. **Chilli Pepper brand name**
On 18 June 2010, the Group acquired the European rights to the fashion brand name, 'Chilli Pepper', for £190,000. This brand name is being amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement. At 29 January 2011 the net book value of this brand was £181,000.

III. **Nanny State brand name**
On 4 August 2010, the Group acquired the global rights to the fashion footwear and apparel brand name, 'Nanny State', for £350,000. This brand name is being amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement. At 29 January 2011 the net book value of this brand was £333,000.

IV. **Canterbury brand name**
In the prior year, the Group acquired the global rights to the rugby brands 'Canterbury' and 'Canterbury of New Zealand' for £6,672,000. This brand name is being amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement. At 29 January 2011 the net book value of this brand was £5,672,000 (2010: £6,339,000).

V. **Kooga brand name**
In the prior year, as part of the acquisition of Kooga Rugby Limited, the Group acquired the global rights (excluding Australia and the Pacific Islands) to the 'Kooga' brand name. This brand name was valued at £453,000 and is being amortised over a period of 10 years, with the amortisation charge included within administrative expenses in the Consolidated Income Statement. At 29 January 2011 the net book value of this brand was £382,000 (2010: £427,000).

VI. **Duffer of St George brand name**
In the prior year, as part of the acquisition of Duffer of St George Limited, the Group acquired the global rights to the brand name 'The Duffer of St George'. This brand name was valued at £2,042,000 and is being amortised over a period of 10 years, with the amortisation charge included within administrative expenses in the Consolidated Income Statement. At 29 January 2011 the net book value of this brand was £1,779,000 (2010: £2,001,000).

Fascia name
The fascia name 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 during the period ended 2 February 2008. The 'Bank' fascia name is not being amortised as management consider this asset to have an infinite useful economic life. Factors considered by the Board in determining that the useful life of the Bank fascia name is infinite include:

- The strength of the Bank fascia name in the branded fashion sector as demonstrated by increased revenues and levels of operating profit
- 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, including the ongoing investment in new stores and refurbishments

13. Intangible assets (continued)

COMPANY	Goodwill £000	Brand licences £000	Brand names £000	Total £000
Cost or valuation				
At 31 January 2009 and 30 January 2010	19,945	4,279	-	24,224
Acquisitions	-	7,500	1,710	9,210
At 29 January 2011	19,945	11,779	1,710	33,434
Amortisation and impairment				
At 31 January 2009	4,045	422	-	4,467
Charge for the period	-	362	-	362
At 30 January 2010	4,045	784	-	4,829
Charge for the period	-	424	85	509
At 29 January 2011	4,045	1,208	85	5,338
Net book value				
At 29 January 2011	**15,900**	**10,571**	**1,625**	**28,096**
At 30 January 2010	15,900	3,495	-	19,395
At 31 January 2009	15,900	3,857	-	19,757

Impairment tests for 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 either the store portfolios or distribution businesses acquired. 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 carrying amount of goodwill by CGU is shown below:

	GROUP		**COMPANY**	
	2011 £000	2010 (restated - see note 1) £000	**2011 £000**	2010 £000
Allsports store portfolio	**924**	924	**924**	924
First Sport store portfolio	**14,976**	14,976	**14,976**	14,976
Bank store portfolio	**14,154**	14,154	**-**	-
Topgrade Sportswear Limited	**17**	17	**-**	-
Nicholas Deakins Limited	**864**	864	**-**	-
Kooga Rugby Limited	**1,537**	1,537	**-**	-
	32,472	32,472	**15,900**	15,900

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

- In relation to the Allsports store portfolio, First Sport store portfolio and Bank 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% (2010: 2.0%) which is an estimate of the growth based on past experience within the Group
- In relation to Nicholas Deakins Limited and Kooga Rugby Limited the cash flow projections are based on actual divisional operating results together with financial forecasts and strategy plans approved by the Board covering a five year period. These forecasts are based on both past performance and expectations for future development. Cash flows beyond this five year period are extrapolated using a growth rate of 2.0% (2010: 2.0%) which is an estimate based on past experience
- The discount rate of 14.9% (2010: 12.7%) is pre-tax and reflects the specific risks and costs of capital of the Group

13. Intangible assets (continued)

Impairment tests for intangible assets with infinite lives
Intangible assets with infinite lives are tested annually for impairment by comparing the recoverable amount to their carrying value.

Fascia name
The recoverable amount of the Bank fascia name is determined based on a value-in-use method of valuation. The carrying value of the Bank intangible assets are compared with the present value of future cash flows generated by the 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% (2010: 2.0%) which is an estimate of the growth based on past experience within the Group. The discount rate of 14.9% (2010: 12.7%) is pre-tax and reflects the specific risks and costs of capital of the Group.

Impairment tests for intangible assets with definite lives
Intangible assets with definite lives are tested annually for impairment by comparing the recoverable amount to their carrying value.

Brand names
The recoverable amount of brand 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 pre-tax discount rate of 14.9% (2010: 12.7%) to reflect current market assessments of the time value of money and risks specific to the assets, for which the future cash flow estimates have not been adjusted. Projected future sales are based on Board approved forecasts up to five years, and subsequent sales projections assume an annual growth up to 2.0% over the remaining life of the brand names.

Brand licences
The recoverable amount of brand licences is based on an estimation of future sales and other specific cash flows, the contracted royalty rate and the choice of a suitable discount rate in order to calculate the present value. The Group has used a pre-tax discount rate of 14.9% (2010: 12.7%) to reflect the risks specific to the assets, for which future cash flow estimates have not been adjusted. Projected future sales are based on a three year Board approved forecast. Subsequent sales projections assume an annual growth of 5.0% for the following two years and then 2.0% over the remaining licence period.

Sensitivity analysis
A sensitivity analysis has been performed on the base case assumptions used for assessing the goodwill.

For the Kooga Rugby Limited cash-generating unit, changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount.

The Board has considered the possibility of the business achieving less revenue and gross profit than budgeted. Whilst the reduction in revenue would be partially offset by a reduction in revenue related costs, the Board would also take actions to mitigate the loss of gross profit by reducing other costs.

Should the business have a 1.0% reduction in forecast gross profit and be unable to reduce selling and distribution and administrative costs, the reduction in value-in-use would lead to an impairment of £445,000.

A reduction from 2.0% to nil in the growth rate, beyond the five year Board approved financial forecast and strategy plan, with no actions taken to change the cost structure forecast, would lead to an additional impairment of £95,000.

For the Bank goodwill cash-generating unit, changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount.

The Board has considered the possibility of the business achieving less revenue and gross profit than budgeted. Whilst the reduction in revenue would be partially offset by a reduction in revenue related costs, the Board would also take actions to mitigate the loss of gross profit by reducing other costs.

Should the business have a 5.0% reduction in forecast revenue and be unable to reduce selling and distribution and administrative costs, the reduction in value-in-use would lead to an impairment of £1,160,000. All other assumptions remain unchanged.

With regards to the assessment of value-in-use of all other cash-generating units, the Board believe that there are no reasonably possible changes in any of the key assumptions, which would cause the carrying value of the unit to exceed its recoverable amount.

14. Property, plant and equipment

GROUP	Land £000	Improvements to short leasehold properties £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost						
At 31 January 2009	-	14,938	11,153	109,495	298	135,884
Additions	-	2,172	1,445	17,823	32	21,472
Disposals	-	(1,145)	(1,123)	(8,897)	(200)	(11,365)
Exchange differences	-	48	(14)	19	-	53
On acquisition of subsidiaries	-	144	212	1,571	-	1,927
At 30 January 2010	-	16,157	11,673	120,011	130	147,971
Additions	942	2,492	2,325	24,922	174	30,855
Disposals	-	(1,504)	(304)	(8,549)	(124)	(10,481)
Exchange differences	-	59	73	(207)	7	(68)
At 29 January 2011	942	17,204	13,767	136,177	187	168,277
Depreciation and impairment						
At 31 January 2009	-	8,254	8,255	56,629	78	73,216
Charge for period	-	1,212	1,604	13,784	60	16,660
Impairments	-	37	11	359	-	407
Disposals	-	(938)	(1,118)	(7,508)	(115)	(9,679)
Exchange differences	-	14	(10)	(71)	-	(67)
At 30 January 2010	-	8,579	8,742	63,193	23	80,537
Charge for period	-	1,890	1,870	14,515	63	18,338
Disposals	-	(1,159)	(285)	(7,109)	(94)	(8,647)
Exchange differences	-	53	69	(196)	3	(71)
At 29 January 2011	-	9,363	10,396	70,403	(5)	90,157
Net book value						
At 29 January 2011	**942**	**7,841**	**3,371**	**65,774**	**192**	**78,120**
At 30 January 2010	-	7,578	2,931	56,818	107	67,434
At 31 January 2009	-	6,684	2,898	52,866	220	62,668

Impairment charges of £nil (2010: £407,000) 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 cannot 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. Assets in impaired stores are written down to their recoverable amount which is calculated as the greater of the fair value less costs to sell and value-in-use.

In the period to 29 January 2011, the addition of land of £942,000 (2010: £nil) relates to the purchase of a plot adjacent to the new Group warehouse, upon which a new Group head office will be constructed.

14. Property, plant and equipment (continued)

COMPANY	Improvements to short leasehold properties £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 31 January 2009	12,580	9,892	89,275	166	111,913
Additions	1,199	801	11,115	7	13,122
Disposals	(989)	(85)	(6,520)	(15)	(7,609)
At 30 January 2010	12,790	10,608	93,870	158	117,426
Additions	1,383	1,752	15,042	158	18,335
Disposals	(1,184)	(197)	(5,486)	(82)	(6,949)
At 29 January 2011	12,989	12,163	103,426	234	128,812
Depreciation and impairment					
At 31 January 2009	7,399	7,435	48,929	77	63,840
Charge for period	935	1,083	10,453	22	12,493
Impairments	24	3	76	-	103
Disposals	(809)	(84)	(5,549)	(13)	(6,455)
At 30 January 2010	7,549	8,437	53,909	86	69,981
Charge for period	1,279	1,438	10,477	44	13,238
Disposals	(935)	(195)	(4,763)	(53)	(5,946)
At 29 January 2011	7,893	9,680	59,623	77	77,273
Net book value					
At 29 January 2011	**5,096**	**2,483**	**43,803**	**157**	**51,539**
At 30 January 2010	5,241	2,171	39,961	72	47,445
At 31 January 2009	5,181	2,457	40,346	89	48,073

15. Investment property

GROUP AND COMPANY	£000
Cost	
At 31 January 2009, 30 January 2010 and 29 January 2011	4,160
Depreciation and impairment	
At 31 January 2009	58
Charge for period	49
At 30 January 2010	107
Charge for period	46
Impairment	1,007
At 29 January 2011	1,160
Net book value	
At 29 January 2011	**3,000**
At 30 January 2010	4,053
At 31 January 2009	4,102

Based on an external valuation, the fair value of the investment property as at 29 January 2011 was £3,000,000 (2010: £3,400,000).

Management consider the carrying value of the investment property to be impaired based on value-in-use projections of future rental income. Accordingly, an impairment loss of £1,007,000 has been recognised in the period to write the asset down to its recoverable amount, which reflects the external valuation performed (see note 4).

16. Non-current other assets

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Loan notes receivable from joint venture	**-**	922	-	922
Key money	**8,419**	8,553	-	-
Deposits	**779**	659	-	-
Legal fees	**3,849**	3,098	**3,590**	2,865
	13,047	13,232	**3,590**	3,787

The loan notes receivable from the joint venture earned interest at bank base lending rates plus a margin of 1.5%. £923,000 was repaid in the year including interest accrued of £1,000 since the prior year end (2010: £1,750,000). As at 29 January 2011, the balance had been repaid in full.

Key money represents monies paid in certain countries to give access to retail locations.

Deposits represent money paid in certain countries to store landlords as protection against non-payment of rent.

Legal fees represents legal fees and other costs associated with the acquisition of leasehold interests.

Impairment losses of £nil (2010: £1,000) have been recognised on other assets in specific cash-generating units which are loss making.

The methodology behind identifying loss making cash-generating units is explained in note 14.

Amortisation of non-current other assets of £531,000 (2010: £392,000) has been recognised in the Consolidated Income Statement (see note 3).

Notes to the Consolidated Financial Statements (continued)

17. Interest in joint venture

On 3 December 2007, the Group acquired 49% of the issued share capital of Focus Brands Limited for an initial cash consideration of £49,000 together with associated fees of £456,000. Focus Brands Limited was a jointly controlled entity set up for the purposes of acquiring Focus Group Holdings Limited and its subsidiary companies ('Focus Group'). The Focus Group is involved in the design, sourcing and distribution of branded and own brand footwear, apparel and accessories. As at 29 January 2011, Focus Brands Limited was jointly controlled with the former shareholders of Focus Group Holdings Limited.

On 16 February 2011, the Group acquired a further 31% of the issued share capital of Focus Brands Limited for a cash consideration of £1,000,000, with potential further deferred consideration of £250,000 depending on performance (see note 35). As a result there is no further deferred consideration payable on the original transaction.

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 Consolidated Statement of Financial Position is based on the share of the net assets, which are as follows:

	As at 29 January 2011 £000	As at 30 January 2010 £000
Non-current assets	**447**	486
Current assets	**5,196**	4,641
Current liabilities	**(2,185)**	(4,492)
Total net assets	**3,458**	635

The Group's share of the revenue generated by the joint venture in the period was £15,418,000 (2010: £11,774,000).

The amount included in the Consolidated Income Statement in relation to the joint venture is as follows:

	52 weeks to 29 January 2011			52 weeks to 30 January 2010		
	Before exceptionals £000	**Exceptionals £000**	**After exceptionals £000**	Before exceptionals £000	Exceptionals £000	After exceptionals £000
Share of result before tax	**2,102**	**1,549**	**3,651**	740	(1,406)	(666)
Tax	**(627)**	**(201)**	**(828)**	(201)	394	193
Share of result after tax	**1,475**	**1,348**	**2,823**	539	(1,012)	(473)

As at 29 January 2011, the Group had loan notes receivable from Focus Brands Limited, including accrued interest thereon, to the value of £nil (2010: £922,000).

The exceptional items in the current year relate to unrealised gains on foreign exchange contracts and the reversal of the impairment of the investment held by Focus Brands Limited in Focus Group Holdings Limited, following repayment of original purchase consideration by the vendors of Focus Group Holdings Limited. The exceptional items in the prior year relate entirely to unrealised losses on foreign exchange contracts.

18. Investments

COMPANY	£000
Cost	
At 31 January 2009	8,668
Additions	4,666
At 30 January 2010	13,334
Additions	1,200
At 29 January 2011	14,534
Impairment	
At 31 January 2009	2,000
Impairments	3,470
At 30 January 2010 and 29 January 2011	5,470
Net book value	
At 29 January 2011	**9,064**
At 30 January 2010	7,864
At 31 January 2009	6,668

The additions to investments in the year comprise a £1,200,000 additional investment in Hallco 1521 Limited (the intermediate holding company of Topgrade Sportswear Limited) which takes the Group's holding to 80% and £1 investment relating to the acquisition of Nanny State Limited (100% owned) (see note 11).

The impairment in the prior period relates to the investment in RD Scott Limited (see note 13).

A full list of subsidiaries and jointly controlled entities is shown in note 37.

19. Available for sale investments

GROUP AND COMPANY	£000
Cost	
At 31 January 2009	8,130
Additions from rights issue and placing	9,990
Disposals	(18,120)
At 30 January 2010 and 29 January 2011	**-**
Fair value	
At 31 January 2009	2,053
Additions from rights issue and placing	9,990
Proceeds on disposal net of fees paid	(16,132)
Gain on disposal	4,089
At 30 January 2010 and 29 January 2011	**-**

The available for sale investments represented investments in listed equity securities. The Group held a non-strategic investment of 9.99% in JJB Sports Plc until 9 December 2009 when it disposed of 65,018,098 ordinary shares for 25p a share, giving a realised loss on disposal of £1,988,000. With the impairment recognised in the year ended 31 January 2009 of £6,077,000 this resulted in an exceptional gain in the period to 30 January 2010 of £4,089,000.

Notes to the Consolidated Financial Statements (continued)

20. Inventories

	GROUP		COMPANY	
	2011 £000	2010 (restated - see note 1) £000	**2011 £000**	2010 £000
Finished goods and goods for resale	**84,490**	74,475	**47,472**	44,125

The cost of inventories recognised as expenses and included in cost of sales for the 52 weeks ended 29 January 2011 was £452,520,000 (2010: £393,694,000).

21. Trade and other receivables

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Current assets				
Trade receivables	**13,626**	10,535	**902**	312
Other receivables	**1,955**	2,179	**601**	876
Prepayments and accrued income	**21,524**	18,943	**13,566**	12,003
Amounts owed by other Group companies	**-**	-	**67,466**	64,189
	37,105	31,657	**82,535**	77,380

The ageing of trade receivables is detailed below:

		2011			2010	
GROUP	**Gross £000**	**Provision £000**	**Net £000**	Gross £000	Provision £000	Net £000
Not past due	**7,474**	**(56)**	**7,418**	5,634	(25)	5,609
Past due 30-60 days	**2,973**	**(25)**	**2,948**	2,571	(123)	2,448
Past 60 days	**4,041**	**(781)**	**3,260**	3,246	(768)	2,478
	14,488	**(862)**	**13,626**	11,451	(916)	10,535

		2011			2010	
COMPANY	**Gross £000**	**Provision £000**	**Net £000**	Gross £000	Provision £000	Net £000
Not past due	**111**	**-**	**111**	151	-	151
Past due 30-60 days	**475**	**(26)**	**449**	146	(26)	120
Past 60 days	**538**	**(196)**	**342**	123	(82)	41
	1,124	**(222)**	**902**	420	(108)	312

21. Trade and other receivables (continued)

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 31 January 2009	188	-
Created	241	108
Released	(105)	-
On acquisition of subsidiaries	661	-
Utilised	(69)	-
At 30 January 2010	916	108
Created	715	114
Released	(45)	-
Utilised	(724)	-
At 29 January 2011	**862**	**222**

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

22. Cash and cash equivalents

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Bank balances and cash floats	**90,131**	64,524	**81,204**	56,954

23. Interest-bearing loans and borrowings

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Current liabilities				
Bank loans and overdrafts	**2,874**	2,712	**-**	-
	2,874	2,712	**-**	-
Non-current liabilities				
Bank loans and overdrafts	**287**	600	**-**	-
Other loans	**830**	747	**-**	-
	1,117	1,347	**-**	-

23. Interest-bearing loans and borrowings (continued)

The following 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 24.

Bank facilities
As at 29 January 2011, the Group had a £70,000,000 revolving facility in the UK which was due to expire on 18 October 2011. Under this facility, a maximum of 10 drawdowns could be outstanding at any time with drawdowns made for a period of one, two, three or six months with interest payable at a rate of LIBOR plus a margin of 0.75% (2010: 0.75%). The commitment fee on the undrawn element of the facility was 45% of the applicable margin rate.

At 29 January 2011, there were no amounts drawndown on this facility (2010: £nil).

Subsequent to the year end, a new committed borrowing facility of £75,000,000 has been agreed. Further information on this new facility is provided in note 35.

Bank loans and overdrafts
The following Group companies have overdraft facilities which are repayable on demand:

- Topgrade Sportswear Limited £2,000,000 (2010: £2,000,000)
- Nicholas Deakins Limited £600,000 (2010: £600,000)
- Chausport SA €3,000,000 (2010: €2,450,000)

Further information on guarantees provided by the Company is disclosed in notes 24 and 34.

Included within bank loans and overdrafts are term loans of £575,000 (2010: £885,000) within Chausport SA which have been taken out to fund the refurbishment of specific stores. The interest rates range from 5.10% to 6.50% and are secured on the fixtures in those particular stores.

The maturity of the bank loans and overdrafts is as follows:

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Within one year	**2,874**	2,712	**-**	-
Between one and five years	**287**	600	**-**	-
	3,161	3,312	**-**	-

Other loans
The Group has a loan payable to Herald Island Limited, the non-controlling interest in Canterbury of New Zealand Limited, which was acquired in the prior period (see note 11). The loan attracts interest at 3.0% above the Group's cost of funds and is repayable on exercise of the put and call option (see note 25).

The maturity of the other loans is as follows:

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Between one and five years	**830**	747	**-**	-
	830	747	**-**	-

24. 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 'Non-current other assets' in the Consolidated Statement of Financial Position.

Cash and cash equivalents comprise short-term cash deposits with major United Kingdom and European clearing banks earning 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		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Bank balances and cash floats	**90,131**	64,524	**81,204**	56,954
Sterling	**74,031**	58,887	**69,831**	56,071
Euros	**7,126**	3,933	**4,881**	383
US Dollars	**6,984**	762	**6,492**	500
Australian Dollars	**1,040**	514	**-**	-
New Zealand Dollars	**930**	399	**-**	-
Other	**20**	29	**-**	-
	90,131	64,524	**81,204**	56,954

Included in trade and other receivables are the following foreign currency denominated receivables:

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Euros	**1,350**	1,107	**240**	-
US Dollars	**802**	294	**12**	-
Australian Dollars	**1,845**	1,653	**-**	-
New Zealand Dollars	**1,179**	1,219	**-**	-
Other	**387**	378	**-**	-

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'.

The currency profile of interest-bearing loans and borrowings is shown below:

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Interest-bearing loans and borrowings	**3,991**	4,059	**-**	-
Sterling	**603**	1,567	**-**	-
Euros	**2,558**	1,745	**-**	-
New Zealand Dollars	**830**	747	**-**	-
	3,991	4,059	**-**	-

Included in trade and other payables are the following foreign currency denominated payables:

	GROUP		COMPANY	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Euros	**7,775**	7,737	**41**	336
US Dollars	**1,479**	1,153	**469**	87
Australian Dollars	**197**	1,850	**-**	-
New Zealand Dollars	**850**	333	**-**	-
Other	**144**	202	**-**	-

24. Financial instruments (continued)

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. There are no concentrations of risk in the period to 29 January 2011.

Interest rate risk
The Group finances its operations by a mixture of retained profits and bank borrowings. 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 Group's syndicated facility was not drawn down during the year, the Board did not consider that an interest rate swap on the floating rate facility was necessary in the period to 29 January 2011. The net fair value of swap liabilities at 29 January 2011 was £nil (2010: £nil).

The Group has potential bank floating rate financial liabilities on its revolving credit facility, together with overdraft facilities in subsidiary companies (see note 23). There were no drawdowns from the revolving credit facility at 29 January 2011 (2010: £nil) thereby minimising the Group's interest rate risk at the year end. When drawdowns are made, the Group is exposed to cash flow interest risk. Under the new facility (see note 35) interest is paid at a rate of LIBOR plus a margin of 1.25% (previous facility: 0.75%).

As at 29 January 2011 and 30 January 2010, the Group has no liabilities in respect of finance lease or similar hire purchase contracts.

A change of 1.0% in the average interest rates during the year, applied to the Group's floating interest rate loans and borrowings as at the reporting date, would change profit before tax by £24,000 (2010: £2,000) and would change equity by £24,000 (2010: £2,000). This assumes that all other variables remain unchanged. Calculations are performed on the same basis as the prior year.

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 US Dollar with sales made in Euros and purchases made in both Euros and US Dollars (principal exposure). To protect its foreign currency position, the Group sets a buying rate in each country for the purchase of goods in US Dollars at the start of the buying season (typically six to nine months before the product is received) and then enters into a number of local currency/US Dollar contracts whereby the minimum exchange rate on the purchase of dollars is guaranteed.

As at 29 January 2011, options have been entered into to protect approximately 93% of the US Dollar requirement for the period to January 2012. The balance of the US Dollar requirement for the period will be satisfied by additional options or at spot rates. Hedge accounting is not applied.

As at 29 January 2011, the fair value of these instruments was a liability of £789,000 (2010: asset of £605,000) which has been included within current liabilities (2010: current assets). A loss of £1,394,000 has been recognised in the Consolidated Income Statement for the change in fair value of these instruments.

A 10.0% strengthening of sterling relative to the following currencies as at the reporting date would have reduced profit before tax and equity as follows:

	Profit before tax		Equity	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Euros	**179**	357	**179**	357
US Dollars	**693**	69	**693**	69
Australian Dollars	**(2)**	47	**(2)**	47
New Zealand Dollars	**3**	36	**3**	36
Other	**23**	3	**23**	3
	896	512	**896**	512

A 10.0% weakening of sterling relative to the following currencies as at the reporting date would have increased profit before tax and equity as follows:

	Profit before tax		Equity	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Euros	**219**	392	**219**	392
US Dollars	**848**	76	**848**	76
Australian Dollars	**(2)**	52	**(2)**	52
New Zealand Dollars	**3**	40	**3**	40
Other	**28**	3	**28**	3
	1,096	563	**1,096**	563

Calculations are performed on the same basis as the prior year and the method assumes that all other variables remain unchanged.

24. Financial instruments (continued)

Credit risk
Credit risk arises from the possibility of customers and counterparties failing to meet their obligations to the Group. 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 21). At the reporting date there were no significant concentrations of credit risk and receivables which are not impaired are believed to be recoverable.

The Group considers its maximum exposure to credit risk to be equivalent to total trade and other receivables of £37,105,000 (2010: £31,657,000), cash and cash equivalents of £90,131,000 (2010: £64,524,000), deposits of £779,000 (2010: £659,000) and key money of £8,419,000 (2010: £8,553,000).

The Company has provided guarantees on banking facilities entered into by Topgrade Sportswear Limited, Nicholas Deakins Limited and Chausport SA totalling £2,000,000, £600,000 and €3,000,000 respectively. As at 29 January 2011, these facilities were drawn down by £2,586,000 (2010: £1,567,000). In addition, the £70,000,000 revolving credit facility agreement, which was in place as at 29 January 2011, encompassed cross guarantees between the Company, RD Scott Limited, Bank Fashion Limited, Bank Stores Holdings Limited, Bank Stores Financing Limited, Athleisure Limited and First Sport Limited to the extent to which any of these companies were overdrawn. As at 29 January 2011, these facilities were drawn down by £nil (2010: £nil). Subsequent to the year end, a new committed borrowing facility of £75,000,000 has been agreed. Further information on this new facility is provided in note 35.

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. The Board review 13 week and annual cash flow forecasts each month.

Information about the maturity of the Group's financial liabilities is disclosed in note 23.

As at 29 January 2011, there were undrawn committed facilities with a maturity profile as follows:

	2011 £000	2010 £000
Expiring in less than one year	**70,000**	-
Expiring in more than one year but no more than two years	**-**	70,000
	70,000	70,000

The commitment fee on these facilities is 0.34% (2010: 0.34%).

Fair values
The fair values together with the carrying amounts shown in the Consolidated Statement of Financial Position as at 29 January 2011 are as follows:

		GROUP		**COMPANY**	
	Note	**Carrying amount 2011 £000**	**Fair value 2011 £000**	**Carrying amount 2011 £000**	**Fair value 2011 £000**
Trade and other receivables	21	37,105	37,105	82,535	82,535
Cash and cash equivalents	22	90,131	90,131	81,204	81,204
Interest-bearing loans and borrowings - current	23	(2,874)	(2,874)	-	-
Interest-bearing loans and borrowings - non-current	23	(1,117)	(1,117)	-	-
Trade and other payables - current	25	(128,445)	(128,445)	(85,520)	(85,520)
Other payables - non-current	25	(28,782)	(28,782)	(24,370)	(24,370)
		(33,982)	(33,982)	53,849	53,849
Unrecognised gains/(losses)			-		-

24. Financial instruments (continued)

Fair values (continued)
The comparatives at 30 January 2010 are as follows:

	Note	GROUP Carrying amount 2010 £000	GROUP Fair value 2010 £000	COMPANY Carrying amount 2010 £000	COMPANY Fair value 2010 £000
Trade and other receivables	21	31,657	31,657	77,380	77,380
Cash and cash equivalents	22	64,524	64,524	56,954	56,954
Interest-bearing loans and borrowings - current	23	(2,712)	(2,712)	-	-
Interest-bearing loans and borrowings - non-current	23	(1,347)	(1,347)	-	-
Trade and other payables - current	25	(115,742)	(115,742)	(78,294)	(78,294)
Other payables - non-current	25	(24,050)	(24,050)	(23,464)	(23,464)
		(47,670)	(47,670)	32,576	32,576
Unrecognised gains/(losses)			-		-

In the opinion of the Board, the fair value of the Group's financial assets and liabilities as at 29 January 2011 and 30 January 2010 are not considered to be materially different to that of the book value. On this basis, the carrying amounts have not been adjusted for the fair values.

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

Fair value hierarchy
As at 29 January 2011, the Group held the following financial instruments carried at fair value on the Statement of Financial Position:

- Foreign exchange forward contracts - non-hedged

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

At 29 January 2011	**Carrying amount £000**	Level 1 £000	Level 2 £000	Level 3 £000
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(789)**	-	(789)	-

At 30 January 2010	**Carrying amount £000**	Level 1 £000	Level 2 £000	Level 3 £000
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**605**	-	605	-

25. Trade and other payables

	GROUP **2011 £000**	GROUP 2010 £000	COMPANY **2011 £000**	COMPANY 2010 £000
Current liabilities				
Trade payables	**56,297**	52,268	**40,777**	38,828
Other payables and accrued expenses	**54,103**	49,265	**34,627**	31,086
Other tax and social security costs	**18,045**	14,209	**10,116**	8,380
	128,445	115,742	**85,520**	78,294
Non-current liabilities				
Other payables and accrued expenses	**28,782**	24,050	**17,788**	16,882
Amounts payable to other Group companies	**-**	-	**6,582**	6,582
	28,782	24,050	**24,370**	23,464

25. Trade and other payables (continued)

Put and call options
The Group has a number of options to buy the remaining shares in partly-owned subsidiaries from the non-controlling interest. The present value of these options has been estimated as at 29 January 2011 and is included within non-current other payables and accrued expenses.

Canterbury of New Zealand
On 23 December 2009, the Group (via its subsidiary Canterbury Limited) acquired 51% of the issued ordinary share capital of Canterbury of New Zealand Limited. The transaction included the agreement of a put and call option between Canterbury Limited and the vendors of Canterbury of New Zealand, whereby Canterbury Limited may acquire the remaining 49% of the issued share capital of Canterbury of New Zealand Limited.

This option is exercisable by either party on the third anniversary of the completion of the initial transaction and on each anniversary thereafter. The option price is calculated based on a multiple of average audited profit before tax over the two most recently completed financial years prior to the exercise date. The option price shall not exceed NZ $15,000,000.

At as 29 January 2011, the present value of the non-controlling interest's put option has been calculated based on expected earnings in Board-approved forecasts and a discount rate of 14.9%, which is pre-tax and reflects the specific risks and costs of capital of the Group. A liability of £1,202,000 has been recognised (2010: £nil), with a corresponding debit to other equity.

Canterbury European Fashionwear Limited
On 27 July 2010, a new Group company was incorporated, Canterbury European Fashionwear Limited, which is 75% owned by Canterbury Limited, with the remaining 25% owned by a party external to the Group. On incorporation, a put and call option was agreed between Canterbury Limited and the non-controlling interest in Canterbury European Fashionwear Limited, whereby Canterbury Limited may acquire the remaining 25% of the issued share capital of Canterbury European Fashionwear Limited.

This option is exercisable by either party on the fifth anniversary of incorporation and on each anniversary thereafter until the fifteenth anniversary, unless both parties agree to extend this term. The option price is calculated based on a multiple of average audited profit before interest, tax, depreciation and amortisation over the two most recently completed financial years prior to the exercise date. The option price shall not exceed £15,000,000.

At as 29 January 2011, the present value of the non-controlling interest's put option has been calculated based on expected earnings in Board-approved forecasts and a discount rate of 14.9%, which is pre-tax and reflects the specific risks and costs of capital of the Group. The present value of this option has been assessed as £nil as at 29 January 2011. Accordingly, no liability has been recognised.

Canterbury International (Australia) Pty Limited
On 23 December 2009, the Group (via its subsidiary Canterbury Limited) acquired 100% of the issued ordinary share capital of Canterbury International (Australia) Pty Limited. Subsequently, on 28 January 2011, Canterbury Limited disposed of 25% of the issued ordinary share capital of Canterbury International (Australia) Pty Limited by issuing new shares to the management team in exchange for a cash consideration of AUD $1,100,000. On completion of this transaction, a put and call option was agreed between Canterbury Limited and the non-controlling interest in Canterbury International (Australia) Pty Limited, whereby Canterbury Limited may re-acquire the remaining 25% issued ordinary share capital from the non-controlling interest.

This option is exercisable by either party on 1 March 2014 and on each anniversary thereafter. The option price is calculated based on a multiple of average earnings before tax. If, either, Canterbury Limited exercises its call option, or, the non-controlling interest exercises its put option and profit before tax has improved over the two most recent financial years, the option price is based on a multiple of average audited earnings before tax over the two most recently completed financial years prior to the exercise date. If the non-controlling interest gives notice to exercise its put option and profit before tax has declined over the two most recent financial years, the put option is deferred until 1 October in the year of the exercise date. The option price is based on a multiple of earnings before tax, however, the time period over which average earnings is calculated varies depending on the performance of the business to 31 July in the year of the exercise date. In all cases the option price shall not exceed AUD $30,000,000.

At as 29 January 2011, the present value of the non-controlling interest's put option has been calculated based on expected earnings in Board-approved forecasts and a discount rate of 14.9%, which is pre-tax and reflects the specific risks and costs of capital of the Group. A liability of £567,000 has been recognised, with a corresponding debit to other equity.

26. Provisions

The provisions for onerous property leases represent anticipated minimum contractual lease costs less potential sublease income for vacant properties. For loss making 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 pre-tax discount rate used is the Group's weighted average cost of capital of 14.9% (2010: 12.7%).

Within the onerous contracts provision, management have recognised that the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provisions have been made to the extent that the contracts are deemed to be onerous.

GROUP	Onerous property leases £000	Onerous contracts £000	**Total £000**
Balance at 30 January 2010	9,731	584	10,315
Provisions created during the period	2,875	-	2,875
Provisions released during the period	(1,038)	-	(1,038)
Provisions utilised during the period	(2,834)	(290)	(3,124)
Balance at 29 January 2011	**8,734**	**294**	**9,028**

Provisions have been analysed between current and non-current as follows:

GROUP	**2011 £000**	2010 £000
Current	**2,591**	2,920
Non-current	**6,437**	7,395
	9,028	10,315

COMPANY	Onerous property leases £000
Balance at 30 January 2010	7,746
Provisions created during the period	874
Provisions released during the period	(668)
Provisions utilised during the period	(1,960)
Balance at 29 January 2011	**5,992**

Provisions have been analysed between current and non-current as follows:

COMPANY	**2011 £000**	2010 £000
Current	**1,920**	1,942
Non-current	**4,072**	5,804
	5,992	7,746

27. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following

GROUP	**Assets 2011 £000**	Assets 2010 £000	**Liabilities 2011 £000**	Liabilities 2010 £000	**Net 2011 £000**	Net 2010 £000
Property, plant and equipment	**(626)**	-	**-**	330	**(626)**	330
Chargeable gains held over/rolled over	**-**	-	**320**	332	**320**	332
General accruals	**-**	-	**890**	810	**890**	810
Tax losses	**(709)**	(724)	**-**	-	**(709)**	(724)
Tax (assets)/liabilities	**(1,335)**	(724)	**1,210**	1,472	**(125)**	748

Deferred tax assets on losses of AUD $20,955,000 within Canterbury International (Australia) Pty Limited and losses of £4,629,000 within Kooga Rugby Limited have not been recognised as there is uncertainty over the utilisation of these losses.

Movement in deferred tax during the period

GROUP	Property, plant and equipment £000	Chargeable gains held over/ rolled over £000	General accruals £000	Tax losses £000	Total £000
Balance at 31 January 2009	77	332	457	(487)	379
On acquisition	-	-	-	(5)	(5)
Recognised in income	253	-	353	(232)	374
Balance at 30 January 2010	330	332	810	(724)	748
Recognised in income	(956)	(12)	80	15	(873)
Balance at 29 January 2011	**(626)**	**320**	**890**	**(709)**	**(125)**

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

COMPANY	**Assets 2011 £000**	Assets 2010 £000	**Liabilities 2011 £000**	Liabilities 2010 £000	**Net 2011 £000**	Net 2010 £000
Property, plant and equipment	**(331)**	(95)	**-**	-	**(331)**	(95)
Chargeable gains held over/rolled over	**-**	-	**320**	332	**320**	332
General accruals	**(1,071)**	(847)	**-**	-	**(1,071)**	(847)
Tax (assets)/liabilities	**(1,402)**	(942)	**320**	332	**(1,082)**	(610)

Movement in deferred tax during the period

COMPANY	Property, plant and equipment £000	Chargeable gains held over/ rolled over £000	General accruals £000	Total £000
Balance at 31 January 2009	176	332	(1,079)	(571)
Recognised in income	(271)	-	232	(39)
Balance at 30 January 2010	(95)	332	(847)	(610)
Recognised in income	(236)	(12)	(224)	(472)
Balance at 29 January 2011	**(331)**	**320**	**(1,071)**	**(1,082)**

27. Deferred tax assets and liabilities (continued)

At 29 January 2011, the Group has no recognised deferred income tax liability (2010: £nil) in respect of taxes that would be payable on the unremitted earnings of certain subsidiaries. As at 29 January 2011, the unrecognised gross temporary differences in respect of reserves of overseas subsidiaries is £3,034,000 (2010: £705,000). No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double tax relief and the ability to control the remittance of earnings.

There are no income tax consequences attached to the payment of dividends by the Group to its shareholders.

28. Capital

Issued ordinary share capital

GROUP AND COMPANY	Number of ordinary shares thousands	Ordinary share capital £000
At 30 January 2010 and 29 January 2011	**48,662**	**2,433**

The total number of authorised ordinary shares was 62,150,000 (2010: 62,150,000) with a par value of 5p per share (2010: 5p per share). All issued shares are fully paid.

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. It is the Board's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board consider the capital of the Group as the net cash/debt at the year end (see note 32) and the Board review the gearing position of the Group which as at 29 January 2011 was less than zero (2010: less than zero). 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 38.

29. Dividends

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

	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
19.20p per ordinary share (2010: 14.70p)	**9,343**	7,153

Dividends on issued ordinary share capital

	52 weeks to 29 January 2011 £000	52 weeks to 30 January 2010 £000
Final dividend of 14.70p (2010: 8.90p) per qualifying ordinary share paid in respect of prior period, but not recognised as a liability in that period	**7,153**	4,331
Interim dividend of 3.80p (2010: 3.30p) per qualifying ordinary share paid in respect of current period	**1,849**	1,606
	9,002	5,937

Notes to the Consolidated Financial Statements (continued)

30. Commitments

Group
(i) Capital commitments
As at 29 January 2011, the Group had entered into contracts to purchase property, plant and equipment as follows:

GROUP	**2011 £000**	2010 £000
Contracted	**9,772**	2,953

Included in the commitments is £6,500,000 for the purchase of property, plant and equipment for the new warehouse which is due for completion in Spring 2012. Of this commitment £1,500,000 will be settled in the financial period to 2 February 2013. The remainder of the commitments will be settled in the financial period to 28 January 2012.

(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:

GROUP	**Land and buildings 2011 £000**	**Plant and equipment 2011 £000**	Land and buildings 2010 £000	Plant and equipment 2010 £000
Within one year	**78,644**	**1,142**	76,106	1,125
Later than one year and not later than five years	**258,483**	**935**	256,313	1,073
After five years	**238,698**	**-**	238,778	-
	575,825	**2,077**	571,197	2,198

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 29 January 2011 are as follows:

GROUP	**2011 £000**	2010 £000
Within one year	**507**	623
Later than one year and not later than five years	**1,154**	1,868
After five years	**1,376**	2,531
	3,037	5,022

Company
(i) Capital commitments
As at 29 January 2011, the Company had entered into contracts to purchase property, plant and equipment as follows:

COMPANY	**2011 £000**	2010 £000
Contracted	**8,015**	2,217

Included in the commitments is £6,500,000 for the purchase of property, plant and equipment for the new warehouse which is due for completion in Spring 2012. Of this commitment £1,500,000 will be settled in the financial period to 2 February 2013. The remainder of the commitments will be settled in the financial period to 28 January 2012.

30. Commitments (continued)

Company (continued)

(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:

COMPANY	**Land and buildings 2011 £000**	**Plant and equipment 2011 £000**	Land and buildings 2010 £000	Plant and equipment 2010 £000
Within one year	**59,581**	**934**	57,219	789
Later than one year and not later than five years	**193,267**	**753**	193,453	729
After five years	**193,930**	**-**	183,931	-
	446,778	**1,687**	434,603	1,518

(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 29 January 2011 are as follows:

COMPANY	**2011 £000**	2010 £000
Within one year	**428**	538
Later than one year and not later than five years	**1,099**	1,736
After five years	**1,376**	2,531
	2,903	4,805

31. Pension schemes

The Group only operates defined contribution pension schemes. The pension charge for the period represents contributions payable by the Group of £1,154,000 (2010: £765,000) in respect of employees, and £47,000 (2010: £44,000) in respect of Directors. The amount owed to the schemes at the period end was £63,000 (2010: £125,000).

32. Analysis of net cash

GROUP	At 30 January 2010 £000	Cash flow £000	**At 29 January 2011 £000**
Cash at bank and in hand	64,524	25,607	**90,131**
Overdrafts	(2,427)	(159)	**(2,586)**
Cash and cash equivalents	**62,097**	**25,448**	**87,545**
Interest-bearing loans and borrowings:			
Bank loans	(885)	310	**(575)**
Other loans	(747)	(83)	**(830)**
	60,465	**25,675**	**86,140**

COMPANY	At 30 January 2010 £000	Cash flow £000	**At 29 January 2011 £000**
Cash at bank and in hand	56,954	24,250	**81,204**
Cash and cash equivalents	**56,954**	**24,250**	**81,204**

33. Related party transactions and balances

Transactions and balances with related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arms length basis. Outstanding balances are unsecured (unless otherwise stated) and will be settled in cash.

Transactions with related parties who are not members of the Group
During the period, the Group entered into the following transactions with related parties who are not members of the Group:

GROUP	**Income from related parties 2011 £000**	**Expenditure with related parties 2011 £000**	Income from related parties 2010 £000	Expenditure with related parties 2010 £000
Pentland Group Plc				
Sale of inventory	**440**	**-**	-	-
Purchase of inventory	**-**	**(13,306)**	-	(18,684)
Royalty costs	**-**	**(104)**	-	-
Other income	**264**	**-**	351	-
Focus Brands Limited				
Purchase of inventory	**-**	**(12,201)**	-	(4,426)
Interest income	**1**	**-**	43	-
Rental income	**308**	**-**	319	-
Royalty income	**480**	**-**	104	-

At the end of the period, the following balances were outstanding with related parties who are not members of the Group:

GROUP	**Amounts owed by related parties 2011 £000**	**Amounts owed to related parties 2011 £000**	Amounts owed by related parties 2010 £000	Amounts owed to related parties 2010 £000
Pentland Group Plc				
Trade receivables/(payables)	**21**	**(1,226)**	-	(1,310)
Focus Brands Limited				
Loan notes receivable (including accrued interest)	**-**	**-**	922	-
Other receivables	**273**	**-**	-	-
Trade payables	**-**	**(3,154)**	-	(567)

During the period, the Company entered into the following transactions with related parties who are not members of the Group:

COMPANY	**Income from related parties 2011 £000**	**Expenditure with related parties 2011 £000**	Income from related parties 2010 £000	Expenditure with related parties 2010 £000
Pentland Group Plc				
Purchase of inventory	**-**	**(10,821)**	-	(17,096)
Other income	**236**	**-**	332	-
Focus Brands Limited				
Purchase of inventory	**-**	**(4,218)**	-	(2,429)
Interest income	**1**	**-**	43	-
Rental income	**308**	**-**	319	-
Royalty income	**480**	**-**	104	-

33. Related party transactions and balances (continued)

At the end of the period, the Company had the following balances outstanding with related parties who are not members of the Group:

COMPANY	Amounts owed by related parties 2011 £000	Amounts owed to related parties 2011 £000	Amounts owed by related parties 2010 £000	Amounts owed to related parties 2010 £000
Pentland Group Plc				
Trade receivables/(payables)	**3**	**(653)**	-	(1,292)
Focus Brands Limited				
Loan notes receivable (including accrued interest)	**-**	**-**	922	-
Other receivables	**263**	**-**	-	-
Trade payables	**-**	**(167)**	-	(27)

Pentland Group Plc owns 57.5% (2010: 57.5%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group and Company made purchases of inventory from Pentland Group Plc in the period and the Group also sold inventory to Pentland Group Plc. The other income represents marketing contributions received, whilst the Group also paid royalty costs to Pentland Group Plc for the use of a brand.

Focus Brands Limited was an entity jointly controlled by JD Sports Fashion Plc and the former shareholders of Focus Group Holdings Limited. At the reporting date JD Sports Fashion Plc owned 49% of the issued share capital. The Company and its subsidiaries made purchases from the Focus Group, the Company rents a property to this entity and the Company receives royalty income in relation to the Sergio Tacchini licence (see note 13). In the prior year JD Sports Fashion Plc had loan notes receivable from Focus Brands Limited (see note 16).

Transactions with related parties who are members of the Group
During the period, the Company entered into the following transactions with related parties who are members of the Group:

COMPANY	Income from related parties 2011 £000	Expenditure with related parties 2011 £000	Income from related parties 2010 £000	Expenditure with related parties 2010 £000
Canterbury of New Zealand Limited (UK)				
Purchase of inventory	**-**	**(238)**	-	(100)
JD Sports Fashion (France) SAS				
Interest income	**146**	**-**	131	-
Duffer of St George Limited				
Interest income	**57**	**-**	13	-
John David Sports Fashion (Ireland) Limited				
Sale of inventory	**6,782**	**-**	5,866	-
Other income	**1,769**	**-**	1,731	-
Kooga Rugby Limited				
Purchase of inventory	**-**	**(67)**	-	(19)
Nanny State Limited				
Interest income	**11**	**-**	-	-
Nicholas Deakins Limited				
Sale/(purchase) of inventory	**92**	**(291)**	-	(250)
RD Scott Limited				
Concession fee	**-**	**(166)**	-	(162)
Topgrade Sportswear Limited				
Sale/(purchase) of inventory	**1,198**	**(208)**	1,225	(101)
Interest income	**77**	**-**	37	-

33. Related party transactions and balances (continued)

At the end of the period, the Company had the following balances outstanding with related parties who are members of the Group:

COMPANY	**Amounts owed by related parties 2011 £000**	**Amounts owed to related parties 2011 £000**	Amounts owed by related parties 2010 £000	Amounts owed to related parties 2010 £000
Athleisure Limited				
Long term loan	**6,638**	**-**	6,638	-
Bank Stores Holdings Limited				
Long term loan	**13,046**	**-**	15,341	-
Bank Fashion Limited				
Other intercompany balances	**-**	**-**	32	-
Canterbury Limited				
Secured loan	**6,500**	**-**	6,500	-
Working capital loan	**3,594**	**-**	2,587	-
Canterbury of New Zealand Limited (UK)				
Working capital loan	**7,574**	**-**	6,456	-
Trade payables	**-**	**(12)**	-	(15)
Canterbury European Fashionwear Limited				
Income tax Group relief	**-**	**(167)**	-	-
First Sport Limited				
Long term loan	**-**	**(6,582)**	-	(6,582)
JD Sports Fashion (France) SAS				
Long term loan	**4,102**	**-**	4,129	-
Chausport SA				
Other intercompany balances	**3,210**	**-**	726	-
Duffer of St George Limited				
Secured loan	**1,121**	**-**	1,514	-
Income tax Group relief	**-**	**(4)**	-	-
John David Sports Fashion (Ireland) Limited				
Trade receivables	**399**	**-**	285	-
Other intercompany balances	**3,492**	**-**	4,034	-
John David Sports Limited				
Other intercompany balance	**942**	**-**	-	-
Kooga Rugby Limited				
Long term loan (net of provision)	**1,499**	**-**	1,499	-
Working capital loan	**2,185**	**-**	1,806	-
Trade payables	**-**	**(2)**	-	(1)
Income tax Group relief	**-**	**(44)**	-	-
Nanny State Limited				
Secured loan	**472**	**-**	-	-
Working capital loan	**620**	**-**	-	-
Income tax Group relief	**-**	**(4)**	-	-
Nicholas Deakins Limited				
Trade receivables/(payables)	**57**	**(11)**	-	-
Other intercompany balances	**106**	**-**	122	-

33. Related party transactions and balances (continued)

COMPANY (continued)	Amounts owed by related parties 2011 £000	Amounts owed to related parties 2011 £000	Amounts owed by related parties 2010 £000	Amounts owed to related parties 2010 £000
RD Scott Limited				
Long term loan	**6,833**	**-**	8,694	-
Trade receivables/(payables)	**6**	**(57)**	51	(24)
Income tax Group relief	**-**	**(247)**	-	(197)
Topgrade Sportswear Limited				
Working capital loan	**6,328**	**-**	4,008	-
Trade receivables/(payables)	**255**	**(867)**	4	-
Income tax Group relief	**-**	**(98)**	-	-

Long term loans represent historic intercompany balances and initial investment in subsidiary undertakings to enable them to purchase other businesses. These loans do not attract interest, with the exception of the loan to JD Sports Fashion (France) SAS, where interest is charged at the official French government interest rate. This interest rate is variable and is reviewed quarterly.

Working capital loans represent short term financing provided by the Company to its subsidiaries. These loans do not attract interest, with the exception of the loan to Topgrade Sportswear Limited which is not a wholly owned subsidiary. This loan attracts interest at the UK base rate plus a margin of 1.0%.

The secured loans from the Company to Canterbury Limited, Duffer of St George Limited and Nanny State Limited are secured upon the intellectual property in these companies. The loan to Canterbury Limited does not attract interest, whereas the loans to Duffer of St George Limited and Nanny State Limited accrue interest at the UK base rate plus a margin of 4.0%.

Other intercompany balances relate to recharges.

Trade receivables/payables relate to the sale and purchase of stock between the Company and its subsidiaries on arms length terms.

There have been no transactions in the year (2010: £nil) and there are no balances outstanding (2010: £nil) with the other subsidiary undertakings of the Company, as listed in note 37.

34. Contingent liabilities

The Company has provided the following guarantees:

- Guarantee on the letter of credit facility in Focus Brands Limited. The contingent liability varies depending on the value of the letters of credit outstanding at any point in time, but the maximum exposure on this guarantee is £1,000,000 (2010: £1,000,000)
- Guarantees on the working capital facilities in both Topgrade Sportswear Limited and Nicholas Deakins Limited of £2,000,000 (2010: £2,000,000) and £600,000 (2010: £600,000) respectively
- Guarantee capped at £2,500,000 (2010: £2,500,000) in relation to the acquisition of Canterbury of New Zealand Limited under a kit supply and sponsorship agreement with the Scottish Rugby Union Plc, which was entered into in January 2010
- Guarantee on the working capital facilities in Chausport SA of €3,000,000 (2010: €nil)
- Guarantee on the letter of credit facility in Canterbury (North America) LLC. The contingent liability varies depending on the value of the letters of credit outstanding at any point in time, but the maximum exposure on this guarantee is $550,000 (2010: $nil)

35. Subsequent events

Acquisition of Kukri Sports Limited
On 7 February 2011, the Group acquired 80% of the issued share capital of Kukri Sports Limited for a cash consideration of £1. Kukri Sports Limited has a number of subsidiaries around the world, which source and provide bespoke sports teamwear to schools, universities and sports clubs. In addition, Kukri Sports Limited is sole kit supplier to a number of professional sports teams. For the year ended 30 April 2010, Kukri Sports Limited had a turnover of £12.9 million, an operating loss of £0.3 million, a loss before tax of £0.2 million and gross assets of £2.5 million. The fair value of the assets and liabilities acquired is currently being determined.

Acquisition of additional shares in Focus Brands Limited
On 16 February 2011, the Group acquired a further 31% of the issued share capital of Focus Brands Limited for a cash consideration of £1,000,000, with potential further deferred consideration of £250,000 depending on performance. The Group's original share of 49% was acquired on 3 December 2007. Focus Brands Limited was originally incorporated in order to acquire Focus Group Holdings Limited and its subsidiary companies and was an entity jointly controlled by the Group and the former shareholders of Focus Group Holdings Limited. The additional shares purchased since the reporting date take the Group's holding in Focus Brands Limited to 80%, thereby giving the Group control. Focus Brands Limited is now a subsidiary of the Group rather than a jointly-controlled entity.

Acquisition of Champion Sports (Holdings)
On 4 April 2011, the Group acquired 100% of the issued share capital of Champion Sports (Holdings) for a cash consideration of €7 and have also advanced €17.1 million to allow it to settle all of its indebtedness save for €2.5 million of leasing finance. Champion was founded in 1992 and is one of the leading retailers of sports apparel and footwear in the Republic of Ireland with 22 stores in premium locations in town centres and shopping centres. In addition, Champion has one store in Northern Ireland. For the year ended 31 December 2009, Champion had a turnover of €54.0 million, an operating loss of €1.8 million, a loss before tax of €4.9 million and gross assets of €36.2 million. The fair value of the assets and liabilities acquired is currently being determined.

35. Subsequent events (continued)

New committed bank facility
On 12 April 2011, the Group agreed a new syndicated committed £75,000,000 bank facility for 54 months to 11 October 2015. The principal terms of this facility are:

- Current margin 1.25%
- Arrangement fee 0.60%
- Commitment fee 45% of applicable margin

The new facility encompasses cross guarantees between the Company, Bank Fashion Limited, RD Scott Limited, Topgrade Sportswear Limited, Nicholas Deakins Limited, Canterbury Limited, Canterbury of New Zealand Limited and Focus International Limited.

36. 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 may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 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 £47,045,000 (2010: £41,314,000). The Consolidated Financial Statements of JD Sports Fashion Plc are available to the public and may be obtained from The Company Secretary, JD Sports Fashion Plc, Hollinsbrook Way, Pilsworth, Bury, BL9 8RR or online at www.jdplc.com.

Notes to the Consolidated Financial Statements (continued)

37. Principal subsidiary undertakings and jointly controlled entities

The following companies were the principal subsidiary undertakings and jointly controlled entities of JD Sports Fashion Plc at 29 January 2011.

	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 inspired footwear and apparel	100%	100%
JD Sports Limited*	Ireland	Dormant	100%	100%
John David Sports Limited	UK	Dormant	100%	100%
The John David 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%
Sonneti Fashions Limited*	UK	Dormant	100%	100%
Hallco 1521 Limited	UK	Intermediate holding company	80%	80%
Topgrade Sportswear Limited*	UK	Distributor and multichannel retailer of sports and fashion clothing and footwear	80%	80%
Getthelabel.com Limited*	UK	Dormant	80%	80%
Topgrade Trading Limited*	UK	Dormant	80%	80%
Nicholas Deakins Limited	UK	Distributor of fashion footwear and clothing	100%	100%
JD Sports Fashion (France) SAS	France	Intermediate holding company	100%	100%
Chausport SA*	France	Intermediate holding company	100%	100%
Spodis SA*	France	Retailer of sports footwear and accessories	100%	100%
Kooga Rugby Limited	UK	Distributor of rugby clothing and accessories	100%	100%
Canterbury Limited	UK	Intermediate holding company	100%	100%
Canterbury of New Zealand Limited*	UK	Distributor of leisure wear and rugby apparel	100%	100%
Canterbury International (Far East) Limited*	Hong Kong	Distributor of leisure wear and rugby apparel	100%	100%
Canterbury (North America) LLC*	America	Distributor of leisure wear and rugby apparel	100%	100%
Canterbury Cotton Oxford Limited*	UK	Dormant	100%	100%
Canterbury International (Australia) Pty Limited*	Australia	Distributor of leisure wear and rugby apparel	75%	75%
Canterbury of New Zealand Limited*	New Zealand	Distributor of leisure wear and rugby apparel	51%	51%
Canterbury European Fashionwear Limited*	UK	Distributor of leisure wear and rugby apparel	75%	75%
Duffer of St George Limited	UK	Licensor of a fashion brand	100%	100%
Open Fashion Limited	UK	Dormant	100%	100%
Nanny State Limited	UK	Distributor of fashion footwear and apparel	100%	100%
Name of jointly controlled entity				
Focus Brands Limited	UK	Intermediate holding company	49%	50%
Focus Group Holdings Limited*	UK	Dormant	49%	50%
Focus International Limited*	UK	Distributor of sports clothing and footwear	49%	50%
Focus Sports & Leisure International Limited*	UK	Dormant	49%	50%
Focus Italy Srl*	Italy	Dormant	49%	50%
Focus Equipment Limited*	UK	Dormant	49%	50%

*Indirect holding of the Company.

Five Year Record

Consolidated Income Statement

	52 weeks to 27 January 2007 £000	52 weeks to 2 February 2008 £000	52 weeks to 31 January 2009 £000	52 weeks to 30 January 2010 £000	**52 weeks to 29 January 2011 £000**
Revenue	530,581	592,240	670,855	769,785	**883,669**
Cost of sales	(278,331)	(300,813)	(340,309)	(390,248)	**(446,657)**
Gross profit	252,250	291,427	330,546	379,537	**437,012**
Selling and distribution expenses - normal	(209,270)	(225,994)	(256,315)	(288,462)	**(326,296)**
Selling and distribution expenses - exceptional	(3,799)	(8,404)	(8,201)	(6,458)	**(3,277)**
Selling and distribution expenses	(213,069)	(234,398)	(264,516)	(294,920)	**(329,573)**
Administrative expenses - normal	(17,409)	(22,500)	(20,867)	(26,051)	**(32,966)**
Administrative expenses - exceptional	(4,000)	-	(8,122)	1,472	**(1,007)**
Administrative expenses	(21,409)	(22,500)	(28,989)	(24,579)	**(33,973)**
Other operating income	1,730	1,086	1,109	2,270	**2,177**
Operating profit	19,502	35,615	38,150	62,308	**75,643**
Before exceptional items	27,301	44,019	54,473	67,294	**79,927**
Exceptional items	(7,799)	(8,404)	(16,323)	(4,986)	**(4,284)**
Operating profit before financing and share of result of joint venture	19,502	35,615	38,150	62,308	**75,643**
Share of results of joint venture before exceptional items (net of income tax)	-	(145)	(166)	539	**1,475**
Share of exceptional items (net of income tax)	-	-	914	(1,012)	**1,348**
Share of results of joint venture	-	(145)	748	(473)	**2,823**
Financial income	177	297	529	385	**618**
Financial expenses	(2,412)	(764)	(1,210)	(827)	**(455)**
Profit before tax	17,267	35,003	38,217	61,393	**78,629**
Income tax expense	(6,879)	(11,416)	(13,707)	(18,647)	**(22,762)**
Profit for the period	10,388	23,587	24,510	42,746	**55,867**
Attributable to equity holders of the parent	10,388	23,549	24,379	42,900	**55,884**
Attributable to non-controlling interest	-	38	131	(154)	**(17)**
Basic earnings per ordinary share	21.52p	48.79p	50.49p	88.16p	**114.84p**
Adjusted basic earnings per ordinary share (i)	36.41p	57.05p	72.33p	93.64p	**116.86p**
Dividends per ordinary share (ii)	7.20p	8.50p	12.00p	18.00p	**23.00p**

(i) Adjusted basic earnings per ordinary share is based on earnings excluding the post-tax effect of certain exceptional items (see note 10).

(ii) Represents dividends declared for the year. Under IFRS dividends are only accrued when approved.

Financial Calendar

Final Results Announced	13 April 2011
Final Dividend Record Date	6 May 2011
Financial Statements Published	May 2011
Annual General Meeting	23 June 2011
Final Dividend Payable	1 August 2011
Interim Results Announced	September 2011
Period End (52 Weeks)	28 January 2012
Final Results Announced	April 2012

Shareholder Information

Registered office	**Financial advisers and stockbrokers**	**Principal bankers**	**Solicitors**
JD Sports Fashion Plc Hollinsbrook Way Pilsworth Bury BL9 8RR	Investec 2 Gresham Street London EC2V 7QP	Barclays Bank Plc 43 High Street Sutton Surrey SM1 1DR	DLA Piper UK LLP Princes Exchange Princes Square Leeds LS1 4BY
Company number	**Financial public relations**	**Registrars**	**Auditor**
Registered in England and Wales, Number 1888425	MHP Communications 60 Great Portland Street London W1W 7RT	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	KPMG Audit Plc St James' Square Manchester M2 6DS

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