ANNUAL REPORT & ACCOUNTS 2017

jd sports fashion plc

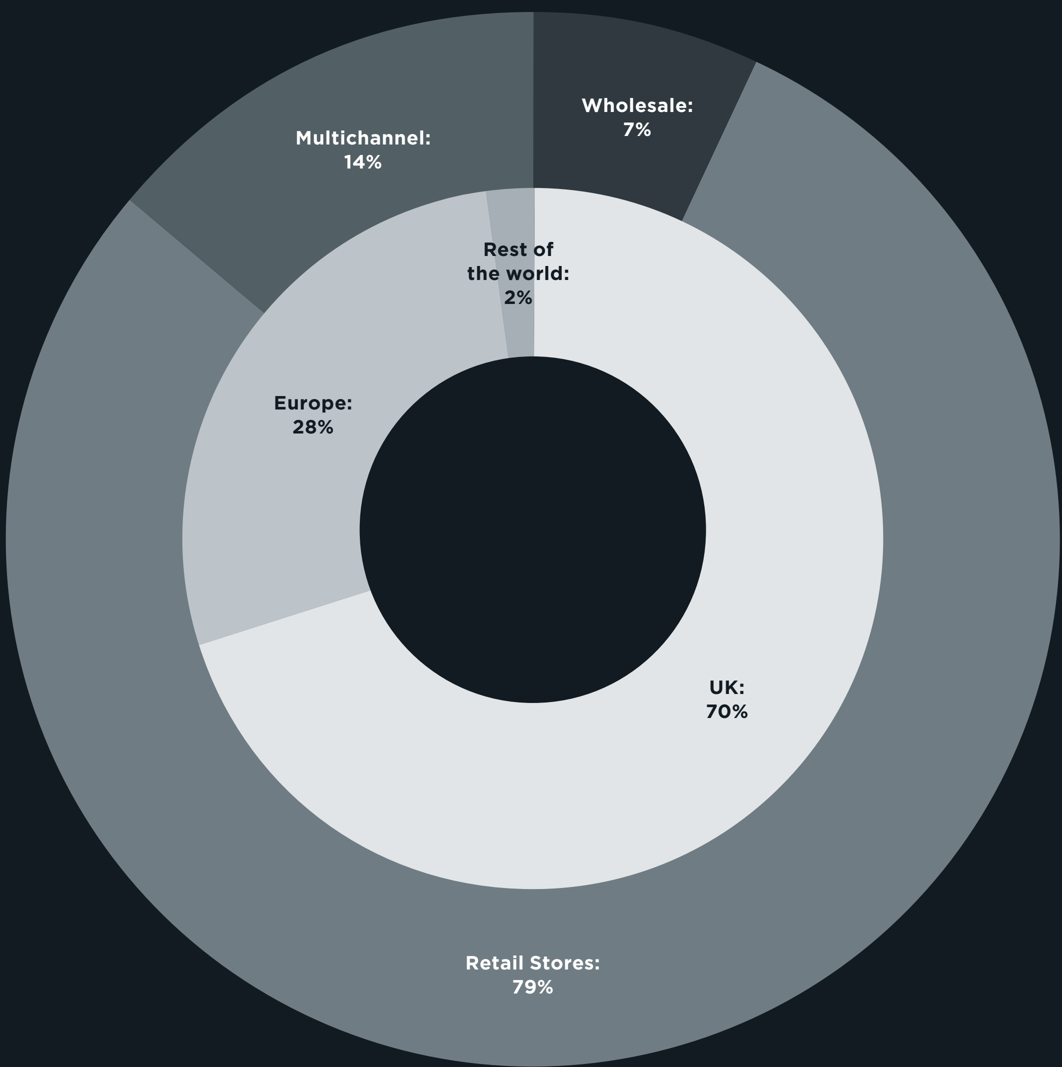
JD
size?
FOOTPATROL
chausport
Sprinter SPORT & STYLE
PERRY KEEP MOVING
Aktie SPORT
NEXT ATHLEISURE
scotts
TESSUTI
CLOGGS
MAINLINE
GET THE LABEL.COM
JD GYMS
KOOGA
KUKRI
FOCUS INTERNATIONAL
Nicholas Deakins Established in England 1991
Blacks
millets
Ultimate Outdoors
GO Outdoors
Tiso Geared up for the outdoors

Overview

Highlights

“Record result with headline profit before tax and exceptional items of £244.8 million.”

Peter Cowgill



Highlights

Revenue

2013	£1,258.9m
2014	£1,216.4m
2015	£1,522.3m
2016	£1,821.7m
2017	**£2,378.7m**

Profit before tax and exceptional items*

2013	£60.5m
2014	£82.0m
2015	£100.0m
2016	£157.1m
2017	**£244.8m**

Profit before tax

2013	£55.1m
2014	£76.8m
2015	£90.5m
2016	£131.6m
2017	**£238.4m**

Total dividend payable per ordinary share

2013	1.32p
2014	1.36p
2015	1.41p
2016	1.48p
2017	**1.55p**

Basic earnings per ordinary share

2013	3.99p
2014	5.82p
2015	7.03p
2016	10.03p
2017	**18.38p**

Adjusted basic earnings per ordinary share*

2013	4.43p
2014	6.16p
2015	7.78p
2016	12.27p
2017	**19.04p**

Net assets

2013	£251.8m
2014	£272.8m
2015	£310.0m
2016	£400.8m
2017	**£578.8m**

Net cash

2013	£45.6m
2014	£45.3m
2015	£84.2m
2016	£209.4m
2017	**£213.6m**

Throughout the Annual Report '*' indicates the first instance of a term defined and explained in the Glossary on page 176.

Milestones

April 2016

On 28 April 2016, the Group acquired via its 50% subsidiary in Malaysia, JD Sports Fashion SDN BHD, 20 multi-brand Sports Fashion stores and a trading website which trade as Sports Empire, Revolution and The Marathon Shop.

June 2016

JD was the official sponsor of the Soccer Aid event, which took place at Manchester United's Old Trafford.

JD were the exclusive retailers of the Wales and Northern Ireland kits for the UEFA Euro 2016.

July 2016

On 1 July 2016, the Group acquired 12 stores in Portugal through the acquisition of 80% of the issued share capital of SportIberica Sociedade de Artigos de Desporto, S.A. These stores have now been converted to the JD fascia giving the Group its first stores in Portugal.

August 2016

On 26 August 2016, the Group acquired 80% of the issued share capital of Next Athleisure Pty Limited. Next Athleisure Pty Limited operates 32 stores and a trading website in Australia under the Glue and Superglue retail banners.

A new flagship style JD store was opened at Rue Neuve in Brussels.

Milestones

November 2016

JD Group won the "Business of the Year" award at the Manchester Evening News Business Awards.

A new flagship style store was opened at Hohestrasse in Cologne, which at 13,600 sq.ft is now our largest JD store in mainland Europe.

On 27 November 2016, the Group acquired Go Outdoors. Go Outdoors is a nationwide omnichannel retailer catering for the outdoor enthusiast and specialist alike with 58 stores across the UK at acquisition, the majority of which are situated in out of town retail parks.

December 2016

JD's second flagship style store on Oxford Street, the busiest shopping street in Europe, opened.

JD Gyms were crowned as winners of the Budget Gym of the Year for the second consecutive year.

March 2017

JD Sports Fashion Plc received the Company of the Year award at the PWC PLC Awards 2016.

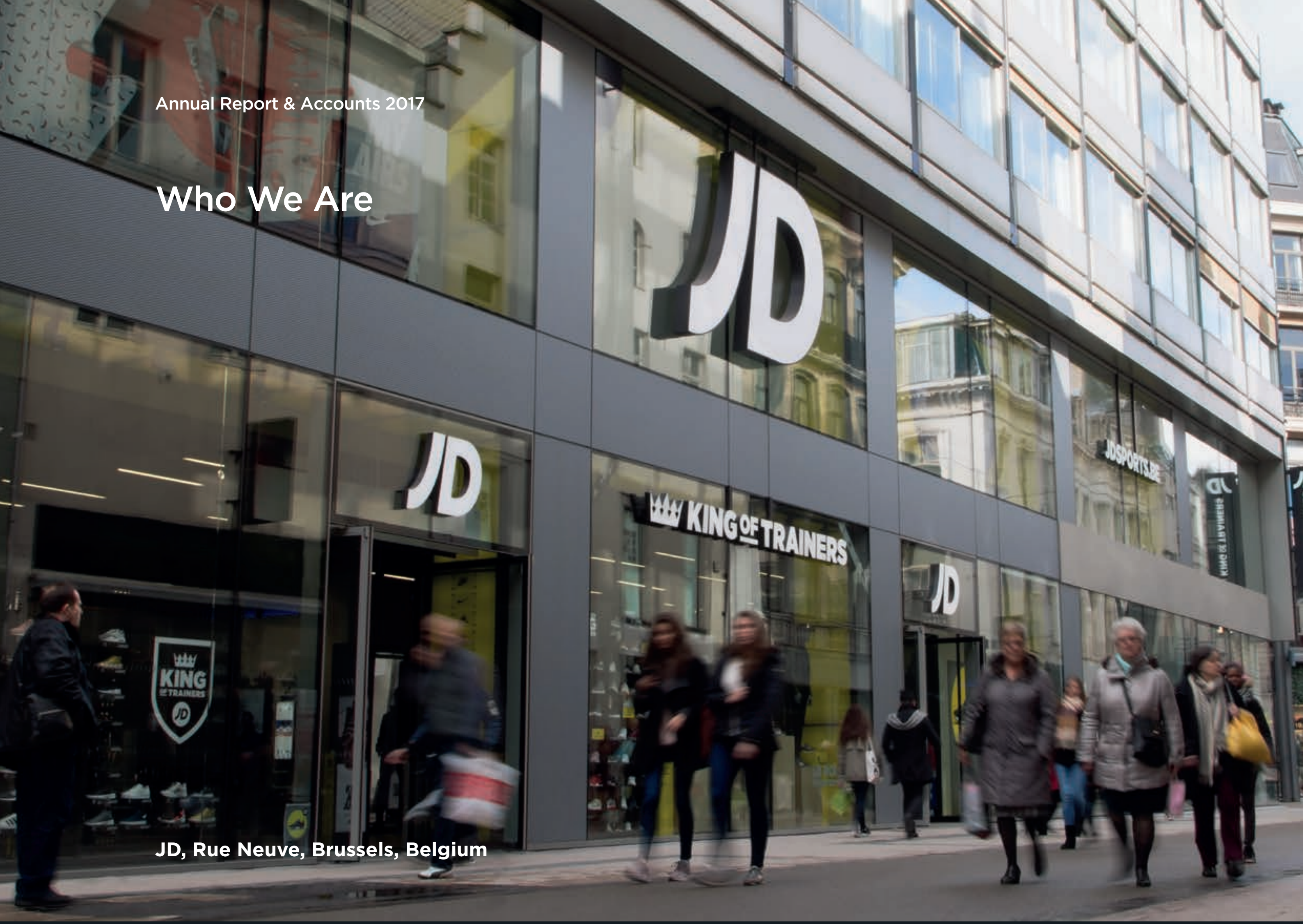
JD Sports Fashion Plc won the Retailer of the Year award at the Retail Week Awards. Go Outdoors' OEX range of affordable tents, sleeping bags, clothes and accessories won the Own Brand Range or Product of the Year in the same awards.

Who We Are

The Group has almost 1,300 stores across a number of retail fascias and is proud of the fact that it always provides its customers with the latest products from the very best brands. The Group embraces the latest online and instore digital technology providing it with a truly multichannel, international platform for future growth.

JD, West One, London, UK

Who We Are



JD, Rue Neuve, Brussels, Belgium

JD, Pavilion, Kuala Lumpur, Malaysia

JD, Hohestrasse, Cologne, Germany

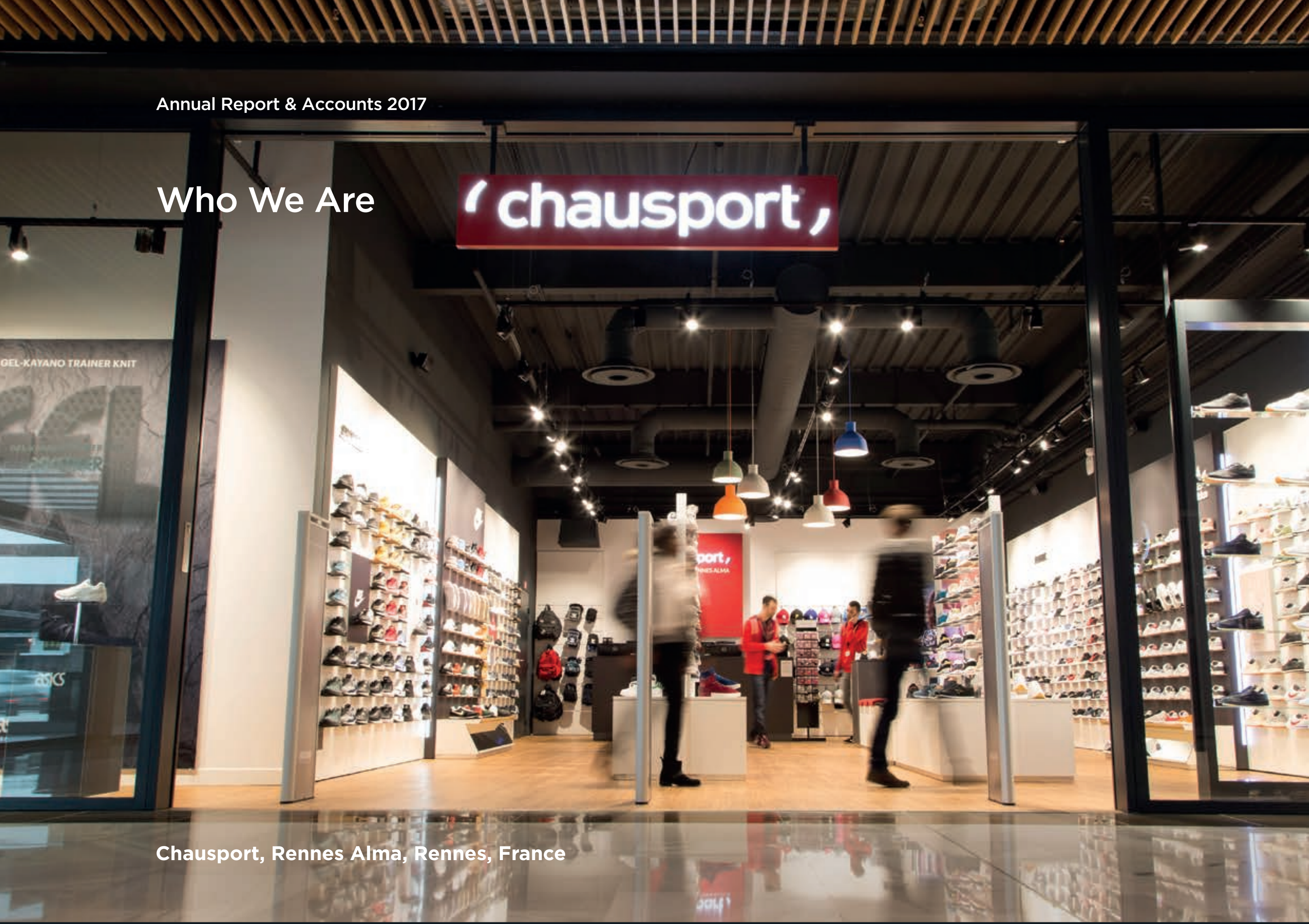
Who We Are

Size? Carnaby Street, London, UK

Scotts, The Trafford Centre, Manchester, UK

Tessuti, The Trafford Centre, Manchester, UK

Who We Are



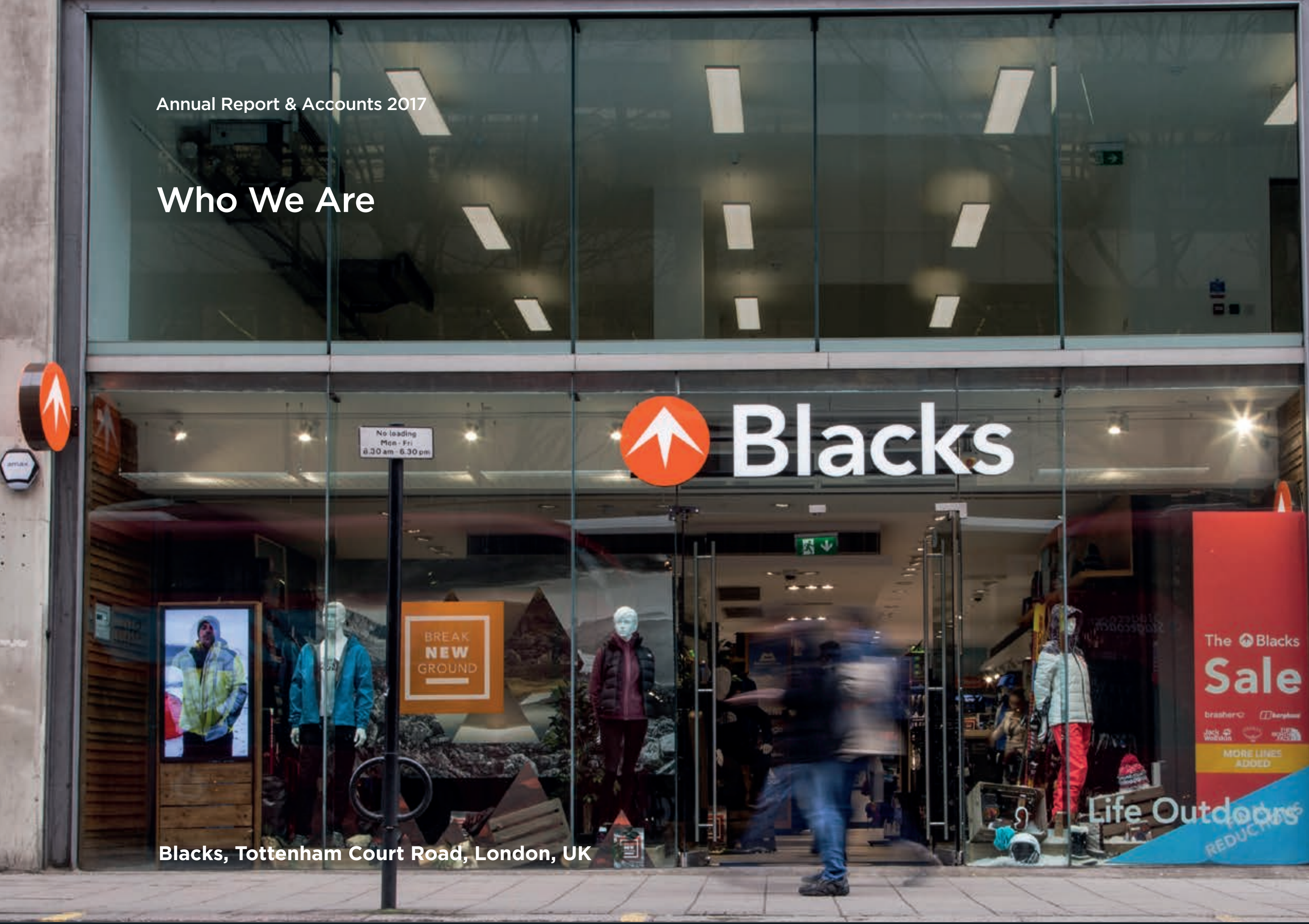
Chausport, Rennes Alma, Rennes, France

Sprinter, Vaguada Shopping Centre, Madrid, Spain

Perry, Kalverstraat, Amsterdam, The Netherlands

Aktiesport, Zuidplein Shopping Mall, Rotterdam, The Netherlands

Who We Are



Blacks, Tottenham Court Road, London, UK

Go Outdoors, Milton Keynes, UK

Established in 1981 with a single store in the North West of England, JD Sports Fashion Plc is a leading international multichannel retailer of sports, fashion and outdoor brands.

Who We Are

JD

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, adidas and The North Face with strong own brand labels such as Pink Soda, Supply & Demand and The Duffer of St George. JD continues to increase its presence in the European market with additional stores in all of our existing territories complemented by a multi-store acquisition in Portugal. The first JD store outside of Europe opened in Kuala Lumpur, Malaysia in January 2016 with two further stores in the year to January 2017. JD is increasing its international presence with its first store in Australia due to open in Spring 2017.

size?

Established in 2000, Size? specialises in supplying the finest products from the best brands in footwear, apparel and accessories. Initially set up to trial edgier product collections before introducing them to the mass market through the JD fascia, the Size? offer has since grown to include its own roster of highly sought-after worldwide exclusive product releases. Outside of the UK and Republic of Ireland, Size? now has stores in Denmark, France, Germany, Italy, the Netherlands and Spain.

FOOTPATROL

Footpatrol is London's best-known destination sneaker store, with a history in supplying the most exclusive footwear. It has been at the heart of supplying the sneaker fraternity with the most desirable footwear, apparel and accessories. Specialising in new and classic sneakers, limited editions, Japanese exclusives and rare deadstock, Footpatrol is based in the heart of Soho on Berwick Street.

Who We Are

chausport

Chausport operates throughout France retailing leading international footwear brands such as adidas, Nike and Timberland together with brands more specific to the local market such as Le Coq Sportif.

Sprinter SPORT & STYLE

Sprinter is one of the leading sports retailers in Spain selling footwear, apparel, accessories and equipment for a wide range of sports as well as lifestyle casual wear and childrenswear. Their offer includes both international sports brands and successful own brands.

PERRY KEEP MOVING AktieSPORT

Sports Unlimited Retail operates in the Netherlands under the Perry Sport and Aktiesport fascias. Aktiesport is the largest sports retail business in the Netherlands selling a host of familiar brands such as Nike, adidas, Under Armour and Reebok. Perry Sport sells a large array of product types, operating simultaneously in the sports fashion, sports equipment and outdoor sectors.

NEXT ATHLEISURE

Next Athleisure operates 32 stores and a trading website in Australia under the Glue and Superglue retail banners. Glue and Superglue stores offer cutting-edge youth fashion from international and local brands such as Denham, Ivy Park, Nude Lucy and Superga with a blend of contemporary, ageless, vintage and modern styles as well as the classics across menswear, womenswear, shoes and accessories.

Who We Are

scotts

Scotts retails fashion and sport led brands with authority to older, more affluent male consumers largely beyond school age, stocking brands such as EA7, Lacoste, Fred Perry, adidas Originals and Pretty Green.

TESSUTI

Tessuti's vision is to become the first choice retailer for branded premium menswear fashion in the UK. The current stores offer customers a strong mix of brands including Hugo Boss, Ralph Lauren Polo, Canada Goose and Stone Island.

CLOGGS

Cloggs is an online niche retailer of premium branded footwear. Cloggs also has three stores in Shrewsbury, York and Newcastle.

MAINLINE

Mainline Menswear is an online niche retailer of premium branded men's apparel and footwear, stocking brands such as Armani, Hugo Boss and Ralph Lauren.

Who We Are

GET THE LABEL.COM

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

JD [GYMS]

JD Gyms offer exceptional fitness facilities in nine prime city centre locations. JD Gyms have the latest gym equipment and workout techniques, providing a whole host of effective fitness classes and unrivalled onsite support and advice. The JD Gym at Liverpool was announced as the ‘Best Budget Gym’ at the National Fitness Awards in 2016, the second consecutive year that JD Gyms has won this prestigious award.

KOOGA

Kooga Rugby operates within the UK as a direct to retail business. Kooga also provides licenses for the use of the brand in domestic and international markets to distributors of rugby apparel, equipment, team wear and leisurewear ranges.

KUKRI

Kukri Sports is an international sportswear manufacturer supplying bespoke teamwear to many leading schools, colleges and universities. In addition, Kukri is sole kit supplier to a number of high profile professional teams and will once again be the official kit supplier to Team England for the 2018 Commonwealth Games.

Who We Are

Focus are involved in the design, sourcing and distribution of footwear and apparel both for own brand and licensed brands, such as Peter Werth, Fly 53, Ecko, Ellesse, and Voi Footwear, for both Group and external customers.

Source Lab is a football license business in the UK working with some of the biggest and best known names in world football, designing, sourcing and distributing mono branded apparel as well as supplying club retail operations. Source Lab has an impressive license portfolio which includes Chelsea, Arsenal, Manchester City, Tottenham, Liverpool and Barcelona.

Nicholas Deakins

Nicholas Deakins was launched in 1991 and is firmly established as one of the UK's leading footwear and clothing lifestyle brands with a reputation for innovative, original design and quality manufacture. Nicholas Deakins celebrated their 25th Anniversary in September 2016.

Blacks

Blacks is a long established retailer of specialist outdoor apparel, footwear and equipment. Trading online and from approximately 60 stores, Blacks primarily stock more technical products from premium brands such as Berghaus and The North Face helping Outdoor participants, from weekend family users to more avid explorers, reach their goals, no matter how high.

Who We Are

millets

Trading from approximately 100 stores, Millets supply a more casual outdoor customer who seeks value for money, providing for a wide range of recreational activities, such as walking or leisure camping with an emphasis on strong own brands, such as Peter Storm and Eurohike.

Ultimate Outdoors

Ultimate Outdoors is the ultimate destination for the outdoor consumer offering high quality and technical product from the biggest names in outdoors at the best prices. There are now seven Ultimate Outdoors stores.

GO Outdoors

GO Outdoors was acquired in November 2016. GO focuses on innovation and value, helping people to step into the outdoors whether it's to go walking, camping, cycling or fishing. From unique product areas to strong own brands such as Hi-Gear, North Ridge and Freedom Trail, GO is constantly looking for fresh ideas to keep things fun. In March 2017, GO's OEX range was awarded the best own brand range of the year at the Retail Week awards.

Tiso
Geared up for the outdoors

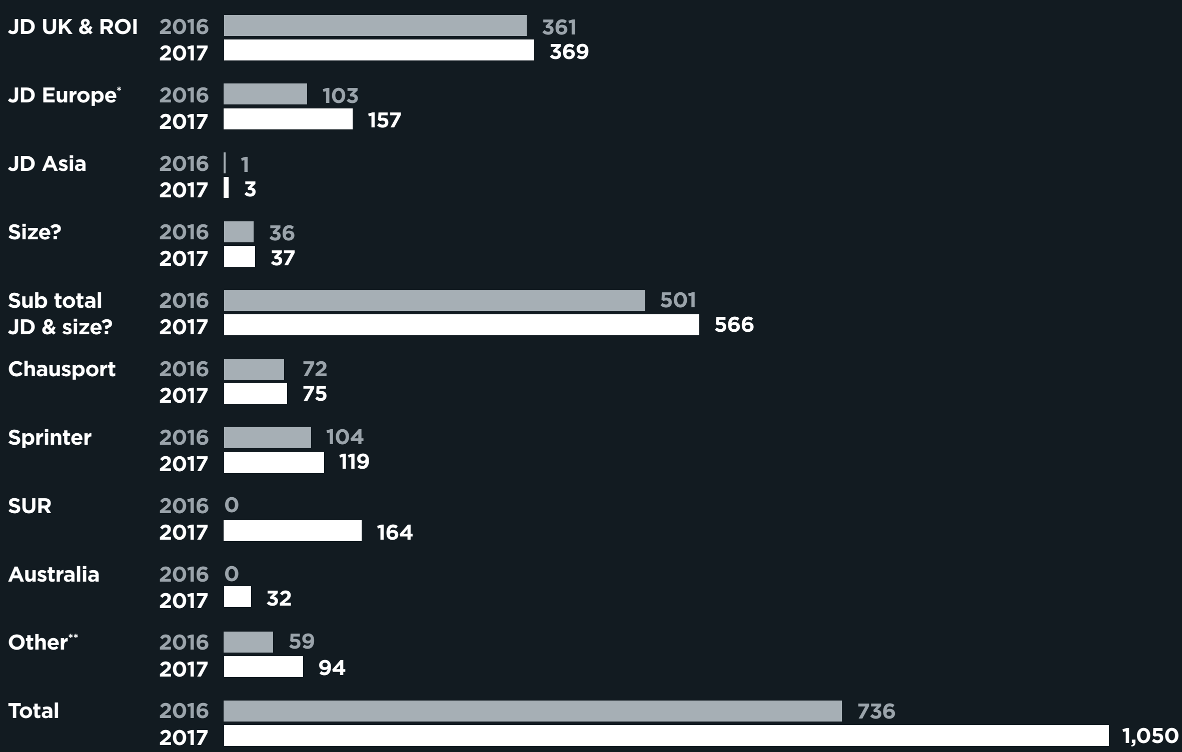
Tiso is Scotland's leading outdoor retailer with unrivalled product ranges catering for those who take the outdoors a bit more seriously. There are 15 stores, including four Alpine Bikes stores and one George Fisher store based in Keswick in the heart of the English Lake District.

Where We Are

"JD's continued strength in its core markets is increasingly being complemented by momentum in our international development."

Peter Cowgill

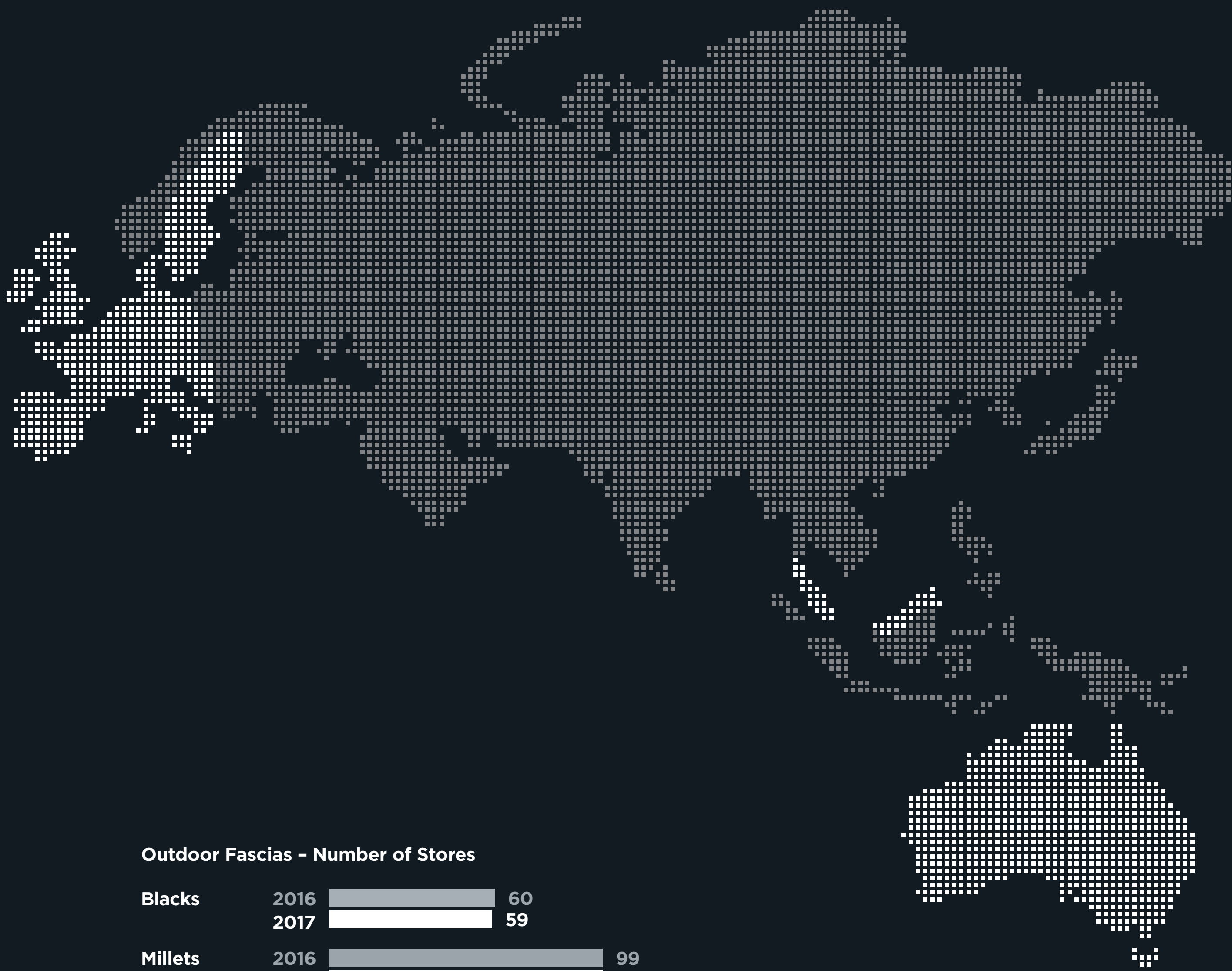
Sports Fashion Fascias – Number of Stores

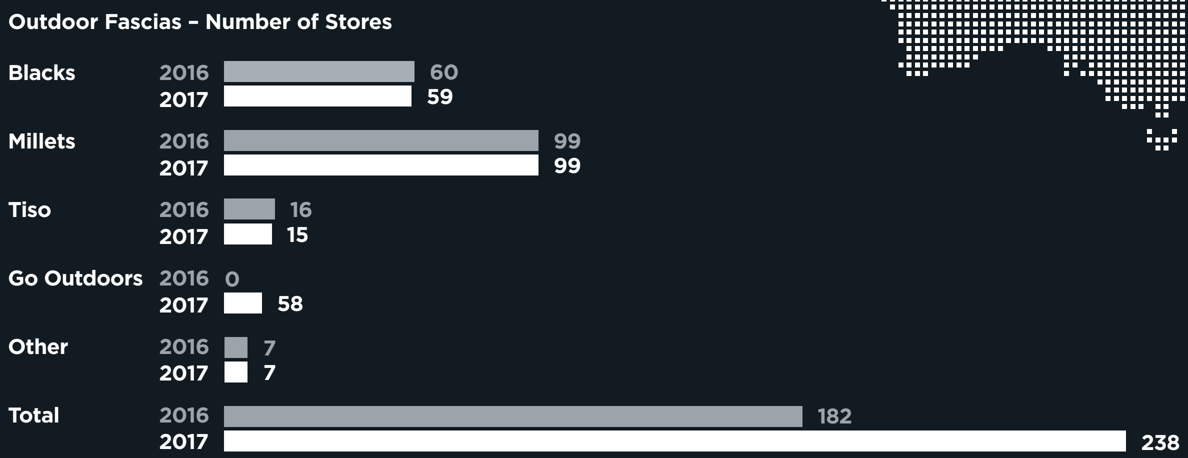


Sports Fashion Fascias – 000 SQ FT

000 SQ FT	JD UK & ROI	JD Europe*	JD Asia	SIZE?	Sub-total JD & size?	Chausport	Sprinter	SUR	Australia	Other**	Total
2016	1,371	222	4	63	1,660	81	973	-	-	144	2,858
2017	1,429	386	19	65	1,899	83	1,069	836	130	245	4,262

Where We Are





Outdoor Fascias – 000 SQ FT

000 SQ FT	Blacks	Millets	Tiso	Go Outdoors	Other	Total
2016	207	205	97	-	163	672
2017	204	199	94	1,699	163	2,359

Group Portfolio

Our vision and passion helps continually build upon our proud heritage to set class leading standards across all imagery and communications.


JD
UNDISPUTED
KING OF TRAINERS
GET THE JD APP NOW


adidas
adidas
adidas
ellesse


JD
THE NORTH FACE
THE NORTH FACE
NIKE
AIR
650
THE NORTH FACE


Reebok


adidas


JD
adidas


AIR MAX


WBC
TEXO
Scaffolding
dafabet
WORLD CHAMPION
WBC
JD
JD
JDSPORTS.COM
JD

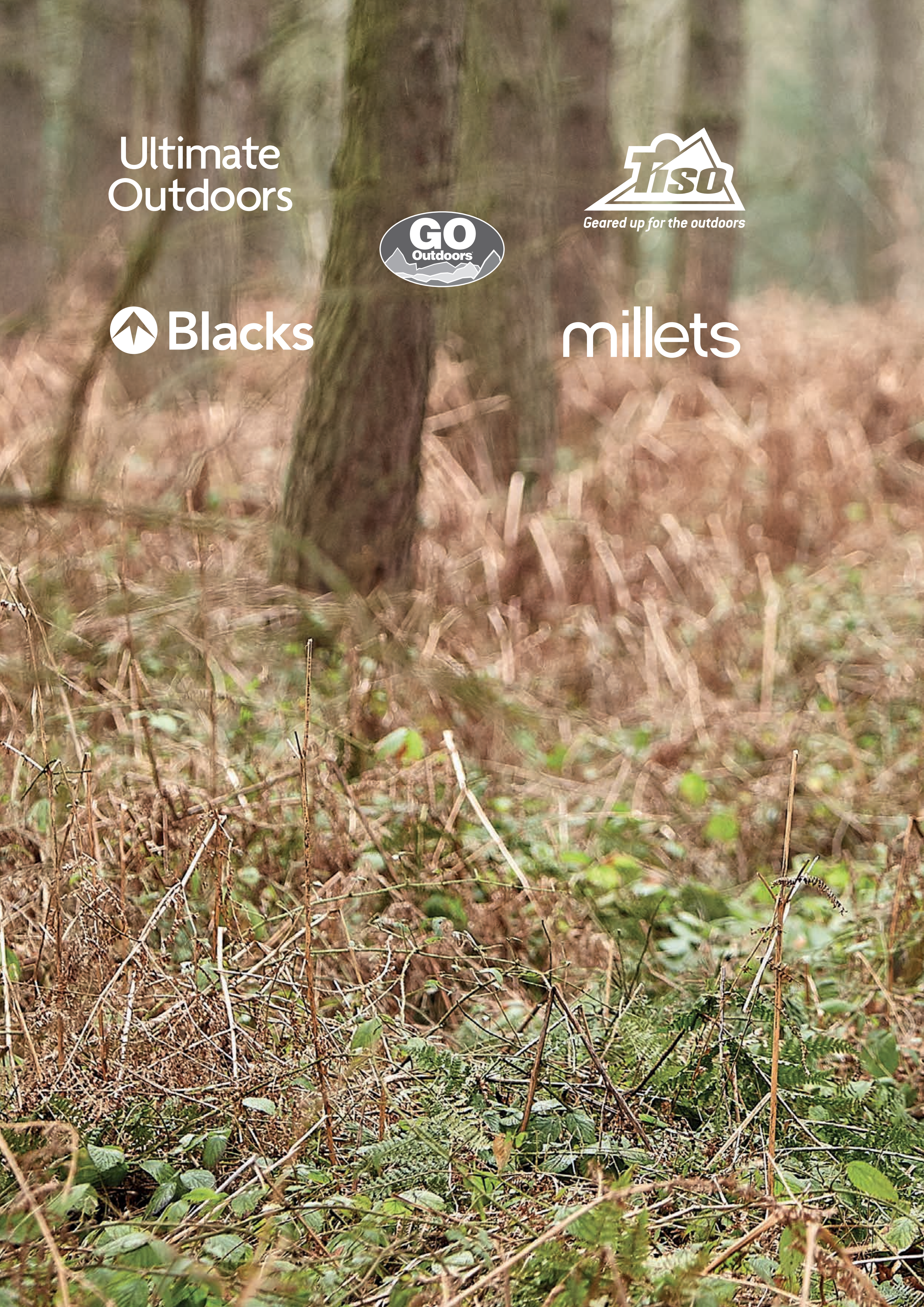

JD
32Red
sky SPORTS


PINK SODA SPORT
PINK
SODA
PINK SODA


PINK SODA SPORT


SUPPLY &
DEMAND
NEW YORK


size?


Ultimate Outdoors
GO Outdoors
tiso
Geared up for the outdoors
Blacks
millets


NAPAPIJRI
geographic


JD BURN
FEMALE
MALE
JD STUDIO
GET IN KNOCKOUT SHAPE
PT
COMMUNITY


JD [GYMS]
JD GYMS
concept 2
StairMaster

Executive Chairman's Statement

Introduction

This has been another period of very significant progress for the Group with the headline profit before tax and exceptional items increased by 56% to £244.8 million (2016: £157.1 million). Over a three year period the result has improved by more than 190% which is an outstanding performance and provides the Group with a robust platform for further development.

The foundation of this success remains our core* Sports Fashion fascias where JD's continued strength in its core markets is increasingly being complemented by momentum in our international development, with a net increase of 54 JD stores across mainland Europe during the year. We firmly believe that our approach of presenting a unique and often exclusive sports and fashion premium brand offer in a truly multichannel environment, where innovative digital technology is integrated into a vibrant retail theatre, continues to increase the attractiveness and desirability of our product ranges. These factors provide our stores with a real point of difference for both consumers and our branded supplier partners.

We are fully aware that athletic inspired footwear and apparel has been on trend throughout Europe for a number of seasons. However, whilst this tailwind has clearly had a positive influence, the key to our success in recent years has been the way that we have leveraged these favourable market conditions with our strengthening profitability, a payback for the investments we have made over a number of years to develop the JD retail concept and strengthen our core commercial practices. We continue to invest in these areas, particularly visual merchandising systems, in-store environment and creative marketing as we believe that it is JD's market leading standards in these areas that resonate with an increasing number of brands. Having flexibility in our brand line up is critical and enables us to maintain a trend appropriate assortment.

Although the UK's vote to leave the European Union means that there will be some uncertainties for the immediately foreseeable future, our international expansion will remain a clear strategic focus. There is an ongoing process to strengthen and build the management team and other core operational infrastructure to support an expansion over a wider geography.

In November we acquired the Go Outdoors business for cash consideration of £112.3 million with the Group also assuming net debt of approximately £11.4 million. Go Outdoors had 58 stores across the UK at acquisition, the majority of which are in destination locations outside city centres, and was a compelling opportunity for a number of reasons:

- It is active in a range of categories where the Group has either no presence or only a limited presence, including cycling
- Its out of town destination format is complementary to the high street model of Blacks and Millets
- Go Outdoors has considerable expertise in developing consumer engagement through its membership scheme and we believe that there are opportunities to enhance this further by drawing on JD's expertise in multichannel retail

The acquisition of Go Outdoors is currently under review by the Competition and Markets Authority which has issued the Group with an enforcement order which obliges us to operate the Go Outdoors business separately to our pre-existing Outdoors businesses until they have completed their review. We are complying and assisting fully with this process in order that it can be completed in the most timely and efficient manner.

Dividends and Earnings Per Share

The Board proposes paying a final dividend of 1.30p (2016 restated: 1.24p) bringing the total dividend payable for the year to 1.55p (2016 restated: 1.48p) per ordinary share, an increase of 4.7%. The proposed final dividend will be paid on 31 July 2017 to all shareholders on the register at 23 June 2017. We believe that this level of dividend strikes a fair balance for shareholders with appropriate capital retained to facilitate ongoing developments, particularly investment in the international Sports Fashion fascias, which will drive success for the Group, and therefore increased benefits to shareholders, over the longer term.

The adjusted earnings per ordinary share before exceptional items have increased by 55% to 19.04p (2016 restated: 12.27p).

The basic earnings per ordinary share have increased by 83% to 18.38p (2016 restated: 10.03p).

Executive Chairman’s Statement (continued)

Board Effectiveness
As Executive Chairman, I am responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Board is then responsible for the Group’s strategic development, review of performance against the business objectives, overseeing risk and maintaining effective corporate governance including health and safety, environmental, social and ethical matters.

People
It is a great testament to the strength and quality of the people at every level in our businesses that we have been able to consistently deliver outstanding results over a number of years. Our continued strength is principally due to their talent, energy and commitment and I thank everybody involved across the Group for delivering these excellent results.

Given the importance of our people, we were greatly disappointed to be the subject of allegations made in late 2016 about working practices in our Kingsway warehouse, a sophisticated, efficient and fast growing facility which we are very proud of. As the wellbeing of all staff is a key priority for the Group and it is an area where we strive continually to improve performance, the Board appointed Deloitte to conduct an independent review of the allegations made. That review has now been completed and Deloitte’s conclusion was that the allegations did not represent a balanced characterisation of working practices at Kingsway. As before, we remain committed to continually reviewing and implementing improvements in day to day procedures there.

Current Trading and Outlook
Whilst we must recognise that there are external influences which may impact the latter part of the year, notably inflationary pressures arising from Brexit, the Board remains confident in the robustness of the JD proposition and believes that the Group is well positioned for further profitable growth.

Given the significant shift in the timing of Easter this year, it is not relevant at this time to report any comparative current year trading figures.

Our next scheduled update will be the announcement of our Interim Results on 12 September 2017.

Peter Cowgill
Executive Chairman
10 April 2017

Strategic Report

Business Model

Retail

14
Countries

26
Fascias

1,288
Stores

25,800
Colleagues

Key Inputs

- International brands
- Own brands
- Supply chain
- Technology and IT infrastructure
- Third party logistics

Key Commercial Activities

- Retail
- Buying
- Merchandising
- Marketing
- Multichannel
- Property
- Distribution

- Providing customers with exclusive ranges from the best brands in sports fashion and outdoor
- Market leading online and instore digital technology
- World class standards of visual merchandising and retail theatre

Revenue Channels

- Stores
- Instore devices
- Store collection or home delivery
- Desktop, tablet and mobile optimised websites
- Apps

Our Strategy

Introduction

The Group's principal JD fascia has long been established as a leading retailer of branded and own brand sports fashion apparel and footwear in the UK and Ireland. The JD fascia is also now firmly established in mainland Europe with new stores in all of our existing territories complemented by a multi-store acquisition in Portugal with these stores now converted to the JD format. Further afield, we have expanded the JD presence in Malaysia and our acquisition in the year of Next Athleisure in Australia will provide the platform to open JD in Australia during the course of the new financial year. Building our reach for the principal JD fascia in, and beyond Europe, not only gives us significant potential for growth but it also cements the strong supplier relationships required to constantly bring in new and exclusive products and to market them collaboratively.

We will sustain the market position of the principal JD fascia through ongoing investment in the retail store portfolio, development and nurture of global branded supplier relationships, and the acquisition of brands and retailers which we can develop and exploit to ensure our overall product offers remain uniquely appealing and our stores retain a vibrant atmosphere.

Elsewhere, we have expanded our overall Sports Fashion offering with three multi-store acquisitions of which two were outside of Europe as the Group increases its global reach. In Europe, we acquired the Perry Sport and Aktiesport businesses which operate independently from JD in the Netherlands. Further afield, we have expanded our presence in Malaysia with the acquisition from our JD joint venture partner (Stream Enterprises) of 20 small multi-brand stores trading as Sports Empire, Revolution and The Marathon Shop and the acquisition of Next Athleisure in Australia giving us 32 stores trading as Glue and Superglue.

Our core business strength is branded retail and our customers are either sports fashion or outdoor oriented. Where we use own brands we will seek to present them as complementary to third party brands. We seek to build strong market positions which we will always seek to sustain and defend. We maintain these positions by constantly adding to our brand roster and endeavouring to be the partner of choice to as many brands as possible with as much exclusive product as possible.

Any business in the Group which we invest in will have relevance to our core strength and all businesses in the Group need to be capable of enhanced profitability in the medium term. Our ultimate objective is to deliver long term sustainable earnings growth to enhance total shareholder returns ('TSR') through share price performance and dividends, whilst retaining our financial capability to invest in the growth and the sustainability of our propositions. Recent TSR performance is shown in the graph within the Remuneration Report on page 93.

In working towards our objectives we aim to act always in a responsible and ethical manner with all our stakeholders including suppliers, employees and, of course, our customers.

Stores

We are engaged in omnichannel retail and we continue to invest considerable time and financial resources in our retail property portfolio. Increasingly, developments in the Sports Fashion fascias are focused overseas with the Group in the early stages of expansion outside of Europe. We believe that the combination of a largely exclusive product offering, presented in a well fitted store with world class standards of retail theatre, are major drivers of footfall to our stores.

During the year, we have continued to develop our new flagship concept with new stores in Brussels, Cologne and a second store on Oxford Street. These stores are enhanced by the latest innovations in digital technology and take our already market leading standards of visual merchandising to a new level.

The movements in store numbers and square footage at the start and end of the period are documented in the 'Where We Are' section on page 24.

Multichannel

Multichannel activity has continued to grow significantly over the last 12 months as we continuously strengthen each of our channels and focus on delivering a seamless shopping experience for our customers. The strength of our multichannel offer continues to differentiate us in the market place, is highly regarded by our key global brand partners and is very popular with our customers. We remain focused on ensuring our customers choose to shop with us, irrespective of which channels they choose to shop in and across.

In the UK, we have again seen significant growth in online sales, principally driven by our continued investment and strengthening of our mobile and apps offer. Our digital and social media channels continue to be important destinations for our customers and there has been substantial growth in sales from our instore digital devices (kiosks, web tills and iPads), both through increased adoption of existing ones by customers and through the roll out of additional devices. These enable customers to order products from the website but pay in cash, access extended ranges not available in the store and access our full warehouse stock inventory. Overseas, JD now has a local language and local currency multichannel offer in Belgium, Denmark, Ireland, Italy, France, Germany, Malaysia, the Netherlands, Spain and Sweden.

In 2017 we will continue our focus on optimising our digital channels profitably, improving the customer experience, enhancing our multichannel proposition, exploiting group synergies and rolling out our multichannel offer internationally.

Multichannel sales represented 13.2% (2016: 10.4%) of total fascia sales in the core JD fascia across the core markets of the UK and Republic of Ireland, excluding kiosk sales.

Our Strategy (continued)

Infrastructure and Resources

Our most important resources are our people. We are a large equal opportunities employer and we are particularly proud of our training resources. We provide direct employment and career development to thousands of people, including large numbers of recent school leavers and graduates. We believe retention of our best staff is crucial to the success of our business as it preserves the DNA of each business.

We continue to invest in our central distribution facility (Kingsway) in Rochdale to handle further growth in volumes. Internal infrastructure works commenced in January 2017 to expand the existing facility whilst construction work on a 352,000 sqft. footprint extension commenced in March 2017. This facility will be available for full use in 2019.

	Period ended 28 January 2017	Period ended 30 January 2016
Number of items processed by Kingsway Distribution Centre	**66.40m**	59.58m

We recognise the importance of protecting our environment and are committed to carrying out all our activities with due consideration for their environmental impact, particularly with regard to ensuring efficient use of energy and other resources and materials, minimising waste by recycling wherever possible and ensuring compliance with relevant legislation and codes of best practice. See also our Corporate Responsibility Report on pages 66 to 73.

The risks faced by the Group and our mitigation plans are reported separately on pages 57 to 59.

Financial Key Performance Indicators

	Note	2017 £000	2016 £000	% Change
Revenue		**2,378,694**	1,821,652	+31%
Gross profit %		**48.9%**	48.5%	
Operating profit		**239,793**	133,406	+80%
Operating profit (before exceptional items)*		**246,212**	158,902	+55%
Profit before tax and exceptional items		**244,787**	157,127	+56%
Profit before tax		**238,368**	131,631	+81%
Basic earnings per ordinary share (b)		**18.38p**	10.03p	
Adjusted basic earnings per ordinary share (b)	10	**19.04p**	12.27p	
Total dividend payable per ordinary share (b)		**1.55p**	1.48p	
Net cash at end of period (a)	28	**213,600**	209,421	

a) Net cash consists of cash and cash equivalents together with interest-bearing loans and borrowings.

b) The prior year has been restated to reflect the 5:1 share split which was approved by shareholders at a General Meeting on 24 November 2016.

On behalf of the Board

Peter Cowgill
Executive Chairman
10 April 2017

Principal Risks

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:

Risk and Impact	Mitigating Activities
Key Suppliers and Brands	
The retail fascias offer a proposition that contains a mixture of third party and own brand product. The Group maintains and is dependent on long term supplier relationships whose loss could adversely impact results. The retail fascias are heavily dependent on the products and the brands themselves being desirable to the customer if the revenue streams are to grow. Therefore, the Group needs all of its third party and own brands, including brands licensed exclusively to it, to maintain their design and marketing prominence to sustain that desirability. The Group is also subject to the distribution policies operated by some third party brands both in terms of the fascias which can sell the ranges and, more specifically, the individual towns or retail centres.	The Group seeks to ensure it is not too reliant on a small number of athletic brands by constantly adding new brands to its offer and by offering a stable of evolving own brands. Where possible, the Group's retail fascias also work in partnership with the third party brands in their business on the design of bespoke product which is then exclusive to the Group's fascias. Further, the Group continues to actively seek additional brands which it can either own or license exclusively.
Intellectual Property	
The Group's trademarks and other intellectual property rights are critical in maintaining the value of the Group's own brands. Ensuring that the Group's businesses can use these brands exclusively is critical in providing a point of differentiation to our customers and without this exclusivity we believe that footfall into the stores, visits to our websites and ultimately conversion of these visits into revenues would all be reduced.	The Group works with third party organisations to ensure that the Group's intellectual property is registered in all relevant territories. The Group also has a well-established Profit Protection team which actively works to prevent counterfeit product being passed off as legitimate.
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 leading to reduced footfall and potentially lower sales volumes.	Wherever possible, the Group will seek a number of protections when agreeing to new property leases: • New leases taken out for a maximum period of 10 years. • Break option part way through the lease. • Capped rent reviews. • Rents which flex with turnover in the store. When the Group determines that the current store performance is unsatisfactory then an assessment is made on whether the Group wants to continue trading in that location. If it does then the landlord is approached to see whether we can reach an agreement on a reduction in the rent or a change to a turnover based rent. If it is considered that the best solution is to exit the store completely then the landlord is approached with a view to a complete surrender of the lease. If this is not possible then the Group would alternatively seek to assign the lease or sublet it to another retailer. The Group is mindful of general economic factors and the already wide availability of retail units' consequent to the bankruptcy of other retail businesses. Assigning the lease or finding a sub-tenant is not without risk because if the incoming 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 than remote and makes a provision for the return of stores if this risk looks probable. The Board reviews the list of assigned leases regularly and is comfortable that appropriate provisions have been made where there is a probable risk of the store returning to the Group under privity of contract and, other than as disclosed in note 21, they are not aware of any other stores where there is a possible risk of these stores returning.
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 in its Sports Fashion fascias 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.	The business monitors stock levels and manages the peaks in demand constantly with regular sales re-forecasting.
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.	The Group seeks to manage this risk by offering a highly desirable and competitively priced product range, which is highly differentiated from that of the Group's competitors.

Principal Risks (continued)

Risk and Impact	Mitigating Activities
Brexit	
Following the UK's vote to leave the EU in June 2016, the UK's future trading relationship with the remaining members of the EU is uncertain. In particular, it is possible that the UK may face tariffs when trading with the EU and lose access to other Free Trade Agreements ('FTAs') that it currently benefits from by being part of the EU. The majority of the Group's retail stores across Europe are supplied with stock by the Group's principal warehouse at Kingsway, Rochdale. Consequently, the current business model requires access to these European markets and various FTAs to be maintained at no worse than current levels. Further, Brexit has had a negative impact on the rate at which the Group can source goods which are priced or sourced in US Dollars and Euros.	There are options to mitigate this risk but they come at a price with additional significant fixed costs, a requirement for suppliers to take action and likely operational inefficiencies. However, the Group is developing a comprehensive strategy to mitigate the risks posed by Brexit including: • Investigating options on customs warehousing. • Working with branded suppliers to review the trading terms with which our retail businesses are supplied. • Investigating options on a separate European hub. As per page 63, the Group aims to protect the anticipated US Dollar requirement at rates at, or above, the buying rate through appropriate foreign exchange instruments. Consequently, Brexit and its associated risks will remain high on the Board's Agenda as the changes to be negotiated become clearer.
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. Compliance is monitored by the Group's Head of Quality and Ethics who has extensive experience in this area. Adequate levels of stock are maintained to cover short periods of supply delay.
IT Systems	
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 enterprise system continues to be ideally suited to the operations of the business but it has historically been reliant on a limited number of key development staff.	The IT team continues to be strengthened. Further, a bespoke training scheme is in place to train already highly skilled IT operatives in the operating system behind the core ERP system. 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 housing the principal IT servers in a third party location which has a mirror back up available should the primary servers or links fail.
Cyber Security	
Cyber-crime is constantly evolving and is a risk in all of our markets. A cyber-attack or a breach of information security may result in the short term loss of revenue and diverted resources and there is the risk of a longer term negative impact on customer confidence and the Group's reputation.	The Group continues to invest in protecting our sites and customer data from exposure to cyber-attacks. There have also been improvements made in how we handle data across the group with focus on training and awareness for staff and improved policies, procedures and strategies in place to monitor our systems. There has been focus on encryption, network security, access controls, perimeter defence, data protection and a review of information handling by all parties.
Warehouse Operations	
Stock is held in the Group's warehouse in Rochdale. Having the stock in one location with increased automation in the picking process has brought significant benefits in terms of capacity, product availability, quicker deliveries to our European stores and reduced transport costs. However, there is an increased risk to store replenishment and multichannel fulfilment from both equipment and system failure, together with the inherent risk of having all the stock in one location.	The Group has worked with its insurers on a conceptual Business Continuity Plan which came into effect when the warehouse became operational. In addition, there is a full support contract with our automation equipment providers which includes a 24/7 presence from a qualified engineer thereby enabling immediate attention to any equipment issues. An extension to the facility at Kingsway is currently under construction. Whilst it is an extension rather than a separate building, there will be a two hour fire resistance wall between the two operations.
Personnel	
The success of the Group is 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 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. The Board regularly considers the actions required to ensure there is succession planning for all key roles.

Principal Risks (continued)

Risk and Impact	Mitigating Activities
Health and Safety	
The health and safety of our customers and employees is of the utmost importance. Policies are implemented in conjunction with training programmes to protect our employees and customers. Personal injuries, distress and fatalities could result from a failure to establish and maintain safe environments.	There is a comprehensive induction and training programme for all staff covering Health and Safety issues. The Group Health and Safety Committee meets on a quarterly basis, is chaired by the Group Health and Safety Manager and includes as its attendees the Group Company Secretary and Group Property Director. The Group Health and Safety Manager appraises the Board of material issues and incidents on a periodic basis. Targets are set by the Board to enable measurement of performance. Performance against targets, incidents, and legal claims that arise are reported to the Board. The Group also works closely with its principal insurers who undertake regular risk reviews both in the store portfolio and in the main central warehouse. The distribution centre commission an annual independent Health & Safety audit with the British Safety Council and in 2016 achieved a 4 star status.
Treasury and Financial	
The Group is exposed to fluctuations in foreign exchange rates. Branded product for the JD fascia throughout Europe is purchased by JD Sports Fashion Plc which is the main UK trading business. This business then sells to the international businesses in their local currencies. Given the current geographical location of the Group's stores this results in an increasingly significant Sterling / Euro exposure in the UK trading business for the Euros which are remitted back for stock purchases. There is also exposure in relation to Sterling / US Dollar consequent to the sourcing of own brand merchandise, where suppliers are located principally in the Far East or Indian Sub-Continent. Strengthening of the US Dollar relative to Sterling makes product sourced in this currency more expensive thus reducing profitability.	The Group encourages its own brand suppliers to quote in Euros where possible thus creating a natural hedge against the Euros remitted from the international businesses. The surplus Euros are also used to fund the international store developments thus alleviating the need for local third party financing. Any surplus Euros are converted back to sterling with hedging now put in place for approximately 75% of the anticipated surplus. This leaves some Euros available should the Group need to move quickly to take advantage of an acquisition or other investment opportunity. Discussions continue with senior management at the major international brands on how the risk on Sterling / Euro volatility from the centralisation of product buying can be shared fairly between the parties. The Group sets a buying rate for the purchase of own brand goods in US dollars at the start of the buying season (typically six to nine months before the product actually starts to appear in the stores) and then enters into a number of local currency / US dollar contracts, using a variety of instruments, whereby the minimum exchange rate on the purchase of dollars is guaranteed. The Group typically looks to protect up to 90% of the US dollar requirement for the following year.
Regulatory and Compliance	
The Group operates in an environment regulated by legislation, codes and standards including, but not limited to, listing rules, trading standards, advertising, product quality, carbon emission reporting, bribery, corruption and data protection rules. The Group recognises that failure to comply with these may result in financial or reputational damage to the business.	The Group actively monitors adherence to its existing regulatory requirements and has a number of internal policies and standards to ensure compliance where appropriate. The Group provides training where required and operates a confidential whistleblowing hotline for colleagues to raise concerns in confidence. The Group expects all suppliers to comply with its Conditions of Supply which clearly sets out its expectations of its suppliers and includes a Code of Conduct which all suppliers must adhere to.

Brian Small
Chief Financial Officer
10 April 2017

Business Review

Sports Fashion

Sports Fashion has had an exceptional year with operating profits (before exceptional items) increasing by 50% to £245.0 million (2016: £162.9 million). Like for like store sales growth in the period across our European fascias (excluding those businesses acquired in the year) was over 10% which was very pleasing given the strong like for like growth achieved in the previous three years. It would be unreasonable to expect like for like sales growth to be maintained at this level for a further year although we are confident of our ability to exploit the opportunities that continue to exist domestically and, increasingly, internationally.

There has been further progress in Europe during the period with new stores in all of our existing territories, including larger space flagship stores in Cologne and Brussels, complemented by two acquisitions:

- In March we acquired the trade and store assets of the Aktiesport and Perry Sport retail fascias in the Netherlands from the trustee in bankruptcy of Unlimited Sports Group BV. Our initial focus has been to stabilise the distressed position by trading through a disjointed stock position, recommencing the supply chain, determining the optimal future store portfolio and rationalising an unsustainable operational infrastructure. Significant progress has been made in all of these areas, although it is very much an ongoing exercise and we would not expect these fascias, which are complementary rather than a competitor to the JD fascia, to make a significant contribution in the current financial year. We have begun to address the previous underinvestment in the store portfolio with a major refurbishment of the Perry Sport store on Kalverstraat in Amsterdam and a new store for Aktiesport in the Zuidplein Shopping Centre in Rotterdam.
- In July we acquired 12 stores in Portugal which previously traded as The Athlete's Foot. These stores have now been converted to JD.

Elsewhere in Europe, our Chausport and Sprinter businesses have also both benefitted from the continuation of the favourable market trends and have traded positively in the period. We have also recently agreed a Memorandum of Understanding with Sonae – SGPS, SA. This sets out the basis for the creation of an Iberian Sports Retail Group combining the Group's existing businesses in Spain and Portugal with the Sport Zone business of Sonae, which is one of the largest sports retailers in the region.

Further afield, we expanded our presence in Malaysia during the period with two additional JD stores in Kuala Lumpur and a fourth store, also in Kuala Lumpur, opened after the year end. These are complemented by the acquisition from our joint venture partner (Stream Enterprises) of 20 small multi-brand stores trading as Sports Empire, Revolution and The Marathon Shop. We have also acquired 32 stores trading as Glue and Superglue in Australia. This business and its management will provide the platform to open JD in Australia with development works ongoing for the first store which will be at the Melbourne Central Shopping Centre. This store will open in Spring 2017 and we anticipate further openings elsewhere in Australia during the year.

We are pleased with the positive performance in our principal fashion businesses, in particular Tessuti, which is gaining momentum and regional presence following the acquisition of stores which traded as Infinities, Aspecto, ML Clothing and Xile. Mainline Menswear, which is an online retailer of premium fashion brands, has also performed exceptionally well with the Scotts business maintaining its profitability after strong growth in the previous year. We would anticipate further positive developments in our Fashion businesses in the current financial year as we build on our previous investments to create strong relationships with the major global premium brands.

The customers in our core JD fascia are extremely digitally aware with a high propensity to use social media in their purchasing decisions. Consequently, we continue to invest heavily in creating a technology rich multichannel environment which not only provides the customer with information about the product but also helps increase the desire to purchase. This digitally integrated approach gives positive benefits to our stores as well as our trading websites with online sales now representing 13.2% of total fascia sales (2016: 10.4%) in JD's principal UK and Ireland market.

The overall gross margin in Sports Fashion is slightly higher than the previous year reflecting continuing low markdown levels and the impact of the stronger Euro on JD's Euro denominated businesses where product is sourced and distributed from the UK. The weakening of sterling against the US Dollar after the Brexit vote will cause some headwinds on margin in 2017 but, working with our global brand partners, we believe we are in a reasonable position to mitigate against these.

Business Review (continued)

Outdoor
The Outdoor fascias have made encouraging progress in the year delivering an operating profit for the first time with an overall segment operating profit before exceptional items of £1.2m (2016: loss of £4.0 million).

The result in the Blacks and Millets business has improved as we see the positive benefits from actions taken previously to simplify the operational leadership, improve the camping offer and reduce the level of markdowns. The smaller Tiso business, which operates largely in Scotland, has also delivered a positive result and having dealt with a number of legacy underperforming stores now has a better platform from which to develop.

Go Outdoors, which we acquired towards the end of the year, has not had a material impact on the current year results. We are confident that this acquisition will enhance our overall Outdoor offer in the longer term although investment in core operational infrastructure, principally IT and Logistics, will be required to enable the business to reach its full potential. We also believe that there will be opportunities for the Go Outdoors business to leverage from the Group's strength and considerable experience in merchandising management.

Margins were improved over the full year with reduced levels of discounting although these were negated slightly by lower margins in the Go Outdoor business. We continually strive for further improvements in margins but the breadth of supply from the key Outdoor brands into the market and the wide availability of vertically sourced product from both specialist and non-specialist retailers means that Outdoor will inevitably remain a competitive sector.

Peter Cowgill
Executive Chairman
10 April 2017

Financial Review

Revenue, Gross Margin and Overheads

Total revenue increased by 31% in the year to £2,378.7 million (2016: £1,821.7 million). Like for like store sales for the 52 week period across all Group fascias, including those in Europe, increased by a further 10%, which was another exceptional performance given the growth seen in previous years.

Total gross margin in the year of 48.9% was slightly ahead of the prior year (2016: 48.5%). Both segments saw improved margins with Sports Fashion increased to 49.4% (2016: 49.0%) and Outdoor increased to 43.7% (2016: 43.3%).

Operating Profits and Results

Operating profit (before exceptional items) increased substantially by £87.3 million to £246.2 million (2016: £158.9 million) driven by a very strong performance in Sports Fashion with Outdoor delivering a profit for the first time. Operating profit (before exceptional items) has now increased by approximately 140% over the last two financial years (2015: £102.2 million).

There were exceptional items in the year of £6.4 million (2016: £25.5 million) from the impairment of certain intangible assets.

The exceptional items comprised:

	2017 £m	2016 £m
Non-cash impairment of intangible assets (1)	6.4	10.6
Termination of project to replace core IT systems (2)	-	14.9
Total exceptional charge	6.4	25.5

1. The charge in the period to 28 January 2017 relates to the impairment of the fascia name balance arising in prior years on the acquisition of ActivInstinct Limited, the fascia name arising in the year on the acquisition of Aspecto Holdings Limited and Infinities Retail Group Holdings Limited and the impairment of the goodwill arising in the year on the acquisition of 2Squared Agency Limited. The charge in the period to 30 January 2016 relates to the impairment of the goodwill arising in prior years on the acquisition of ActivInstinct Limited, a partial impairment of the Blacks fascia name and the impairment of other goodwill and fascia name balances which were not significant.

2. One off exceptional charge in the period to 30 January 2016 writing off costs incurred on a terminated IT project.

Group profit before tax in the year ultimately increased by 81% to £238.4 million (2016: £131.6 million).

Working Capital and Cash

The net cash balance at the end of the year was £213.6 million (2016: £209.4 million) with the expansionary investments, comprising both acquisitions and capital expenditure, funded by strong cash generation from the ongoing trading in our core retail fascias combined with an ongoing focus on robust stock management disciplines.

Cash consideration on acquisitions in the year, net of cash acquired, was £138.6m (2016: £nil). We will continue to make selected acquisitions and investments where they benefit our strategic development.

Gross capital expenditure (excluding disposal costs) increased by £4.5 million to £88.0 million (2016: £83.5 million). The primary focus of our capital expenditure remains our retail fascias with the spend in the year increasing by £12.3 million to £64.0 million (2016: £51.7 million). International expansion now accounts for more than 50% of this spend with capital expenditure in our retail fascias outside of our core UK and Ireland markets increased by £9.7 million to £35.7 million (2016: £26.0 million). Given our focus on international development and the increased number of territories that the Group operates in, we would anticipate a significant increase in the expenditure on our retail fascias in the new financial year.

Elsewhere, we have now commenced a project to expand our internal use of the existing Kingsway warehouse site. This will be completed later in this financial year with a total projected cost of approximately £20 million. Work will also commence shortly on the construction of a 352,000 sqft. extension to the Kingsway facility with the site scheduled to be handed over in Spring 2018. The subsequent cost that the Group will incur for the initial phase of fitting out this site, including automation equipment, has been estimated at up to £42 million although the majority of this spend will be incurred in the financial year to 2 February 2019.

Taxation

We are committed to paying our fair share of tax to build a successful and sustainable business. Our approach to responsible tax management is to pay the correct amount of tax in the right jurisdictions and on time. The tax we pay reflects the underlying commercial transactions across our business and given the focus of our activities in the UK, it is only right that this is where the majority of our tax is paid. The total amount paid in the UK across the various taxes (including local authority business rates) in the year to 28 January 2017 was £198.6 million (2016: £163.7 million).

Financial Review (continued)

The effective rate of tax on profit from continuing operations has decreased from 23.6% to 22.6% primarily due to the continuing reduction in the UK tax rate and prior year adjustments. Excluding both exceptional items and prior year adjustments from the tax charge, the effective core rate* from continuing activities has increased from 21.4% to 21.8%. This core effective rate continues to be above the standard rate due to depreciation of non-current assets which do not qualify for tax relief and overseas subsidiaries generally being subject to higher rates of corporation tax than the UK.

Earnings per Share
The basic earnings per share (restated for the 5:1 share split completed on 24 November 2016) has increased by 83% from 10.03p to 18.38p. However, the Directors consider the adjusted earnings per share to be a more appropriate measure of the Group's underlying earnings performance since it excludes the post-tax effect of exceptional items (other than the loss on disposal of non-current assets). The strong trading performance in the year is reflected in the fact that the adjusted earnings per share has increased by 55% from 12.27p to 19.04p.

Dividends
A final cash dividend of 1.30p per share is proposed, which if approved, would represent an increase of 4.8% on the final dividend from the prior year. Added to the interim dividend of 0.25p per share, this takes the full year dividend to 1.55p, which is an increase of 4.7% on the prior year. The prior year dividend per share has been restated to reflect the 5:1 share split completed on 24 November 2016. We believe that this level of dividend strikes a fair balance for shareholders with appropriate capital retained to facilitate ongoing developments, particularly investment in the international Sports Fashion fascias, which will drive success for the Group, and increased benefits to shareholders, over the longer term.

Treasury Facilities
Interest rate hedging has not been put in place on the current facility. The Directors continue to be mindful of the potential for rises in UK base rates as the general economic situation improves but, at present, given the highly seasonal nature of the Group's core cashflows, they do not believe that a long term interest hedge is appropriate. This position continues to be reviewed regularly.

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

Foreign Exchange Exposures
The Group has two principal foreign exchange exposures:

1. The sourcing of own brand merchandise from either the Far East or Indian Sub-Continent 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 delivered to stores). 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 2018, including the recently acquired Go Outdoors business, is now $177million. Cover is in place for 2017 for $163.4 million meaning that the Group is currently exposed on exchange rate movements for $13.6 million of the current year's estimated requirement.

2. The Group is also exposed to the movement in the rate of the Euro from the sale of its UK sourced stocks to its subsidiaries in Europe. However, the Group has an element of a natural hedge on this exposure as the Euros received for that stock are then reinvested back in those European subsidiaries to fund the development of both new stores and refurbishments. The anticipated surplus over and above the planned investment levels in the period to January 2018, pre any potential acquisition activity to be funded in Euros, is €155 million. Hedging contracts are in place to sell €116 million meaning that the Group is currently exposed on exchange rate movements for €39 million of the current year's estimated surplus.

Brian Small
Chief Financial Officer
10 April 2017

Property and Stores Review

Sports Fashion

JD

The retail property strategy for the core JD fascia is consistent across all of our territories. JD is a world class retail fascia where the latest retail digital technology is integrated into a vibrant retail theatre to give a truly multichannel experience. We strongly believe that our approach increases the attractiveness and desirability of our product to customers and also helps protect the equity of our branded supplier partners.

International expansion of the JD fascia remains a clear strategic focus. During the year we have opened additional stores in all existing European territories including larger space stores in the new flagship style in Cologne and Brussels. We also saw the opening of our first JD stores in Portugal. Further afield, we opened two further stores in Kuala Lumpur and we also anticipate opening our first stores in Australia later in the year. We are confident that our increasing credibility with both major international landlords and property agents will provide opportunities for further development of the JD fascia in both existing and new territories.

The major property developments in each area were:

- **UK & Republic of Ireland –** 21 new stores were opened in the period with 13 stores closed. The new stores included Oxford Street in London where we have opened a store in the West One shopping centre by Bond Street tube station giving us our second flagship style store on the busiest shopping street in Europe. The openings included seven relocations in towns or malls in the UK to a more appropriately spaced store or a position of greater footfall. Elsewhere, continuing with our strategy of ensuring that we have sufficient space to present the full JD offer in key locations, we have upsized four stores being Meadowhall in Sheffield, the White Rose Shopping Centre in Leeds, the White City Shopping Centre in London and the Merryhill Shopping Centre near Birmingham.
- **Europe -** JD continues to develop momentum in Europe with a net increase of 54 stores. A total of 58 stores were opened in the year of which 46 were across existing territories complemented by 12 stores opening in Portugal subsequent to our acquisition of the stores in the small acquired business formerly trading as The Athlete's Foot. The openings included two flagship style stores at Rue Neuve in Brussels and Hohestrasse in Cologne which, at 13,600 sq. ft, is now our largest store in Europe. The former Aktiesport store in the Zuidplein Shopping Centre in Rotterdam was also converted to JD. Five stores were closed in the year of which three were relocations into larger space.
- **Asia –** JD's presence in Malaysia has been enhanced through the opening of two further new stores in Kuala Lumpur, at Pavilion, which is presented in the flagship style, and Sunway Velocity, complementing the opening in the previous year at Sunway Pyramid. During the year, we also concluded a transaction to acquire 20 multi-brand Sports Fashion stores and a trading website which currently trade as Sports Empire, Revolution and The Marathon Shop from our joint venture partners, Stream Enterprise SDN BHD. There is no immediate intention to convert these stores to JD.
- **Australia –** Development works are ongoing for the first JD store in Australia which will be at the Melbourne Central Shopping Centre. This store will open in Spring 2017 and we anticipate further openings elsewhere in Australia during the year.

Size?

This has been a year of consolidation for the Size? fascia with no net increase in the number of stores. We believe that Size? has the potential to be successful internationally with the current focus being progression in the major cities in Europe.

Chausport

We continue to support the development of the Chausport fascia in locations which will not conflict with JD's expansion. Four stores have opened in the year in smaller regional towns which are not appropriate for JD at this time with one store closed. We anticipate a similar level of development in the current financial year.

Sprinter

Sprinter continues to expand beyond its traditional heartlands in the regions of Andalucía, Murcia and Valencia. During the year we opened a further 16 stores of which nine were outside those heartland regions, including four in Catalonia and two in Madrid. The average retail footprint of the stores opened in the year was 6,800 sq. ft. which provides an effective and efficient trading space for the Sprinter core offer.

Property and Stores Review (continued)

Perry Sport and Aktiesport
In March, we acquired the trade and store assets of the Aktiesport and Perry Sport retail fascias in the Netherlands from the trustee in bankruptcy of Unlimited Sports Group BV. As is usual in these distressed situations, the initial focus is to 'right size' and 'right rent' the store portfolios. This process is ongoing with 23 of the original 187 stores closed to date.

A number of the Perry Sport and Aktiesport stores had suffered from a lack of investment in the years prior to bankruptcy. We have begun to address this with the first refurbishment being a major refurbishment of the Perry Sport store on Kalverstraat in Amsterdam which is one of the busiest shopping streets in the Netherlands. Elsewhere, we have also invested in a new store for Aktiesport in the Zuidplein Shopping Centre in Rotterdam with JD taking over the unit which Aktiesport previously occupied.

Glue and Superglue
In August, we acquired 32 stores in Australia which trade under the Glue and Superglue retail banners. These stores are principally located in major shopping centres in New South Wales, Victoria and Queensland. Prior to our acquisition, the business had refurbished its store in the Queen Victoria Building in the centre of Sydney in a new style. We are encouraged by the initial performance of this store.

Scotts
We continue to be satisfied by the performance of the Scotts fascia although the specific timing of certain property issues has meant that there was a net reduction of two stores in the year. We will continue to support investment in the fascia where it is justified.

Tessuti
The Tessuti company has seen a major expansion in its store portfolio in the year with the business now having 38 stores, a net increase of 22 stores from January 2016. This expansion has been focused in the North of England and Scotland and has comprised organic store growth together with the acquisition of stores which traded as Infinities, Aspecto, ML Clothing and Xile. There is a programme in place to rebrand all of the acquired stores to the Tessuti fascia subject to the usual decision making factors for properties of rent cost, retail footprint and strength of footfall. New openings and conversions in the premium branded Tessuti business are also dependent on availability of third party brands in a particular location.

Outdoor

Blacks, Millets and Ultimate Outdoors
Subsequent to our acquisition of the business in January 2012, we agreed short term leases with flexible break clauses with landlords in a number of locations which gave both parties the mutual ability to move quickly if appropriate. Consequently, whilst this gives maximum flexibility, it does mean that the Blacks and Millets store portfolios continue to be in flux:

- **Blacks:** Three new stores were opened in the period including a flagship store on Tottenham Court Road in Central London. Four Blacks stores were closed in the period including the store on Regent Street in Central London.
- **Millets:** The Millets store portfolio has seen further considerable change during the year with seven new stores opened and seven stores closed in the year. This included relocations in Keswick and Peterborough.
- **Ultimate Outdoors:** There has been no change to the Ultimate Outdoors store portfolio in the year although the former Kiddicare store at Southampton, which has never traded, was surrendered to the landlord.

Tiso
The underperforming Alpines Bike store in Glasgow was closed in the year.

Go Outdoors
Go Outdoors had 58 stores across the UK at acquisition, the majority of which are situated in out of town retail parks. The Go Outdoors store portfolio will continue to develop under its separate management although property decisions will have to be appraised using the same financial rigour with which stores in other group fascias are appraised. JD will also assist the Go Outdoors management team, where appropriate, on lease negotiations with landlords.

For a complete table of store numbers see page 24 and 25.

Peter Cowgill
Executive Chairman
10 April 2017

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.

Training and Development

Who Are Our People?
The Group is a large equal opportunities employer that is committed to providing exceptional prospects for its people to grow and develop within the business. We invest heavily in attracting, recruiting and retaining our people.

The Group has grown significantly since its birth in 1981 and during the financial year employed over 25,000 people, across all aspects of the business. Internal progression and personal development are fundamental values of JD Sports Fashion Plc and are key to the future expansion of the Group, promoting our core values and DNA throughout. The Group promotes career development both in the UK and internationally, employing large numbers of school leavers and university graduates, within Retail, Head Office and Distribution.

JD's global expansion offers its people multiple opportunities across its ever growing international territories. A variety of interesting positions usually exist across a number of departments such as; Human Resources, Finance, Buying, Merchandising, Property, IT, e-Commerce and Retail.

Within Retail alone there are a number of roles, in around 1,300 stores across all territories, such as team members, store management and visual merchandisers, working together to present the product range to extremely high standards and provide unparalleled service to customers.

Recruiting Our People
The Group continues to grow with over 100 new stores opening during the year. Opportunities continue to exist both domestically and internationally and so it is likely that this rate of expansion will continue for the foreseeable future driving an ongoing recruitment requirement. Whilst the Group is committed to getting the very best from its people, it also strives to ensure that its recruits are of the highest standard.

Dedicated recruitment personnel for our Head Office and Retail teams provide invaluable support in arranging interviews, scouring CV databases and advertising positions both internally and externally, ensuring that the most suitable candidates are sourced in the UK and internationally.

Developing Our People
At JD Sports Fashion Plc, we are committed to our people across all levels and aim to provide all employees with the tools to excel within their careers. To facilitate this, learning and development solutions are tailored and adjusted to meet the ever changing requirements of a fast-paced, growing business.

A high percentage of retail management within the Group are recruited internally with great importance being placed on employees being able to develop within their roles. Part of the foundation of this tradition of internal progression is the Group's Trainee Management Academy, designed to turn the most promising junior managers of today into the senior managers of tomorrow.

In addition to the 194 Academy graduates currently working in UK and Ireland retail, the Academy has also provided a number of senior employees within the business, including five Area Sales Managers and key Head Office personnel. The Academy is continually evolving to the needs of the Group and has also produced 27 graduates from France, Spain and the Netherlands, furthering its influence across the Group internationally.

The Learning & Development team operates across all Group fascias and territories, as well as Head Office and the Distribution Centre. This function assesses the needs of the business whilst designing and delivering the necessary programmes to ensure operational consistency throughout the Group, developing the management skills of our people in order for them to effectively manage the business.

An expanding International Learning & Development team now sees a number of territories becoming increasingly self-sufficient, whilst communicating the Group's core values across the globe.

In the period to January 2017, our Learning & Development team delivered over 1,500 hours of face-to-face training to circa 1,000 managers and junior managers. This includes 594 hours of training with the Academy, as well as an additional 704 hours of our Management Induction course, hosted at our Kingsway training suite along with 240 hours of Junior Management Development training delivered to employees out in the filed.

In addition to the amount of face-to-face training provided, over 60 online learning modules (including Equality, Diversity & Respect) have increased the reach of our training materials more than ever.

As part of an employee's career development plan, individuals must complete various e-learning modules at each stage of their career. Over 145,000 online course modules were completed by JD employees internationally in the period to January 2017.

Corporate and Social Responsibility (continued)

Engaging Our People
The Group sees employee engagement as a key aspect of ensuring that our team remains motivated and well-informed.

Our continually evolving Learning Management System platform contains a complete library of courses accessible by any web-enabled device. This gives our employees the opportunity to learn both in-store and at home, using a blended learning approach that includes videos and text-based materials which enable the business to track our employees' progress.

Our compulsory Management Induction course, held at our Kingsway training suite, is tailored to provide face-to-face operational and soft skills training to our managers, helping them to develop them as individuals and ensuring consistency across our stores.

To promote a broader awareness of the Group's activities our quarterly magazine, People 1st, is sent to all stores and Head Offices. This contains articles regarding new acquisitions and profiles of our departments, stores and territories as well as coverage of key business campaigns and awards ceremonies.

Our longstanding Employee of the Month programme also provides regular rewards for our sales team members, with a monthly winner from each of our 54 Areas receiving a certificate and a Gift Card.

Our People at Head Office
Ensuring that people have the right skills to do their jobs effectively is the key focus of our Head Office training team; this focus starts with a colleague's induction. In the Distribution Centre, for example, this means that new colleagues spend the first period of their career with one of the dedicated on-shift instructors covering Health and Safety and on-the-job training, before progressing to multi-skilling within the operation.

Across both the Distribution Centre and Head Office we work with a number of different training providers to deliver the training needs for our teams to support them in their roles. Internally, we are launching the new Learning Academy in 2017 which comprises of Management Essentials training to our Line Managers, standalone open behavioural development workshops and a 16 week Management Development Programme.

For our Senior Management teams we work with specialists in Leadership Development to design bespoke programmes which include 1:1 executive coaching, classroom modules and 360 degree feedback.

Providing Opportunities for Our People
As the Group expands both organically and geographically, so do the opportunities for the people we employ. New starters and existing personnel are given the chance to grow with a company that is continually seeking to take itself and its employees to the next level. There are countless individuals who began their careers in our stores as Sales Assistants before either rising through the Retail ranks or pursuing other careers within JD Sports Fashion Plc.

In recent years, acquisitions in the UK and internationally have further enabled our employees to progress, with a fluid transfer of talent across our many international borders and fascias. To further enable this, the Group has created an International Talent Pool, where talented and willing personnel can register their interest in working internationally.

Whether you see yourself as a store manager, a marketing executive or at the forefront of exporting our fantastic product to a new international territory, JD is the place where you can make this happen.

Equality and Diversity
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 gender, marital status, sexual orientation, age, race, religion, ethnic or social origin or disability.

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.

Corporate and Social Responsibility (continued)

A breakdown by gender of the number of employees who were Directors of the Company, Senior Managers and other employees as at 28 January 2017, is set out below:

	Male	Female	Total	% Male	% Female
Plc Board	5	1	6	83%	17%
Senior Managers*	160	49	209	77%	23%
All Employees	12,387	11,197	23,584	53%	47%

The breakdown for the comparative period, as at 30 January 2016, is set out below:

	Male	Female	Total	% Male	% Female
Plc Board	4	1	5	80%	20%
Senior Managers*	108	42	150	72%	28%
All Employees	10,336	9,497	19,833	52%	48%

* Senior Managers are defined as -

1. persons responsible for planning, directing or controlling the activities of the Company, or a strategically significant part of the Company, other than Company Directors and;

2. any other Directors of subsidiary undertakings

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 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'. This department also produces the People 1st quarterly magazine.

Health and Safety
We are fully committed to continuous health and safety improvement across all areas of the Group and understand that it is the way we work and behave that protects our colleagues, customers and other stakeholders.

Our organisational structure defines individual safety responsibilities and duties to ensure that we provide and maintain safe and healthy working conditions, equipment and systems of work for all our colleagues.

We demonstrate this commitment through active leadership, promoting best practice and by setting specific and measurable targets each year.

Our performance against these targets is reviewed and reported upon regularly and we will ensure that adequate resource is provided to enable their achievement and ensure the effective management of risk within the Group. Our commitment is best evidenced by:

- The continued development of our induction and training programmes that ensures every colleague has the competence, understanding and awareness to work safely and at minimum risk.
- Our Group health and safety committee meeting four times a year and our distribution health and safety committee meeting taking place monthly both ensure engagement with our colleagues. Every employee has the opportunity to raise any safety concerns through their nominated representative.
- There has been continued safety input into all our new and refitted stores from the initial design through to opening. Our health and safety team conducts its own audit programmes to ensure the highest safety standards are maintained during the construction phase of all our shop-fit projects.
- We review the processes we have in place and aim to implement current best practice in all areas of our business. During the year we have reviewed our Group, retail and distribution safety policies. We have also reviewed and revised the safety improvement plans for our retail and distribution teams demonstrating that we are committed to continuous improvement.
- We have implemented Group safety procedures across all UK companies with our focus on companies with warehousing and distribution activity and compliance at all sites has been reviewed throughout the year.
- Our drive to implement Group safety procedures across all JD retail stores in Europe continues and we have recently appointed a Health and Safety Officer to take the lead in this initiative.
- We set ourselves a number of measurable targets for the year and have worked towards their achievement, including:
  - Our area sales managers must carry out a health and safety inspection every six months in each store under their control. Our target was that 95% of all stores must have a current inspection in place. At the end of the year the level of compliance was 96%.
  - Our main Distribution Centre achieved a four star British Safety Council Accreditation in 2016, which is recognition of the hard work from the operations and safety teams and a demonstration of the Group's commitment to safety.

Corporate and Social Responsibility (continued)

Environment
The Group recognises that it has a responsibility to manage the impact that its businesses have on the environment and is committed to carrying out its activities with due consideration for the potential environmental impact both now and in the future. Whilst we continue to comply with the UK Government's Carbon Reduction Commitment legislation, we recognise that our responsibilities for managing the impact that our business activities have on the environment go beyond this. During the period the Group has adopted an Environmental Policy which sets out how we are committed to reducing pollution and advancing our environmental performance. Over the coming year we plan to undertake a full review of our environmental management processes within our core UK trading operations to identify further areas of improvement. This will provide a platform for the introduction of an Environmental Management System ('EMS'), detailing our outlined targets and objectives in the following areas:

- Ensuring efficient use of energy and other materials.
- Maximising the amount of waste which is recycled.
- Ensuring compliance with relevant legislation and codes of best practice.

Energy

Basic Principles
The Group's core business is retail and it is the Group's aim to give customers an enjoyable retail experience with goods presented attractively 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. This policy applies in all territories.

Carbon Management Programme
The Group maintains a Carbon Management Programme ('CMP') which is sponsored by the Chief Financial Officer and is reviewed regularly. The objectives of this programme are:

Objective	Action & Progress
1. Understand the drivers and timing of usage by continued investment in energy 'smart' meters.	This has now been achieved in over 550 of the Group's sites with ongoing rollout planned for remaining sites. Combined with the stores where accurate and timely usage data is already received from mandatory half hourly meters, this means that in excess of 96% of the UK and Republic of Ireland electricity consumption and 78% of gas consumption is automatically measured every 30 minutes.
2. Reduce energy usage in non-trading periods.	In the period to 28 January 2017, the Group has invested in Building Management Systems in 229 of its highest energy consuming stores in the UK. The project covers all fascias and is maintaining average energy savings of 20% and a payback in less than 12 months. This technology continues to be fitted in all new stores as standard with further retrofits scheduled for 2017.
3. Reduce energy usage through investment in lighting technology.	Working with our preferred lighting suppliers, we have improved the design of the 23 Watt LED lamps, which are used as standard in all new shopfits, delivering an 11% improvement in power efficiency compared to the previous design. Our standard retail lighting scheme also incorporates LED lamps in changing areas and individual motion sensors on every light fitting in non-retail areas. In addition, we have now fitted individual motion sensors to all the Group's Head Office buildings in the year.
4. Reduce energy usage through staff awareness and training.	Retail staff have a key role to play in the execution of the CMP. All new managers receive training in energy management as part of their wider training programme.
5. Purchase energy competitively from sustainable sources wherever possible.	The Group already sourced 100% of its electricity requirement for sites in England, Wales and Scotland from renewable sources. This has now been extended on the same basis through a new supply contract in Northern Ireland. Newly acquired businesses are migrated to the Groups sustainable supply contracts when possible.
6. Ensure all business activities are aware of their impact on energy consumption.	A multi-disciplined approach to the CMP is adopted with considerable focus also given to reducing usage in the Group's warehouses and offices.
7. Ensure that the CMP applies to all businesses in all territories.	The CMP applies to all business in the Group. We work closely with the local management after acquisition to identify gaps and implement group strategies.

Corporate and Social Responsibility (continued)

KPIs
The Group is committed to using and subsequently reporting on appropriate KPIs with regards to energy usage. Accordingly, the Group can report the following which have been calculated based on the GHG Protocol Corporate Standard using emissions factors from UK government conversion factor guidance for the year reported. The emissions reported correspond with our financial year and reflect emissions from the leased and controlled assets for which the Group is responsible. Emissions are predominantly from electricity use and delivery vehicle fuel consumption for our UK operations. Emissions from the Group's overseas operations are low relative to UK activities.

Global GHG emissions from:	2016/17 Tonnes CO^2 Equivalent	2015/16 Tonnes CO^2 Equivalent
Combustion of fuels & operation of facilities (i)	7,308	7,011
Purchased electricity, heat, stream & cooling	40,662	39,615
Intensity measurement (ii)		
Emissions reported above normalised to per £m revenue	22	26

(i) Excludes facility F-Gas emissions
(ii) Like for like businesses that have contributed full years in both years

The following businesses are excluded from the data above as they are either recently acquired or their contribution is not material at this time:

- 2Squared Agency Limited
- 2Squared Retail Limited
- Clothingsites.co.uk Limited
- Go Outdoors Topco Limited (including subsidiary undertakings)
- JD Sports Fashion SDN BHD
- Sports Unlimited Retail BV
- Sportibérica Sociedade de Artigos de Desporto, S.A.
- Source Lab Limited
- Kooga Rugby Limited
- JD Sports Fashion Holdings Aus Pty (including subsidiary undertakings)

Whilst it is not mandatory, the Group remains committed to presenting data with regard to energy usage and carbon footprint on a 'like for like' basis in respect of those locations in the Group's core operations in the UK and Republic of Ireland that have been present for the full year in both years:

	2017	2016	% Change
Energy Usage – Electricity (MWh)	62,845	58,495	
Energy Usage – Natural Gas (MWh)	1,450	1,751	
Total Energy Use (MWh)	64,295	60,246	
Carbon Footprint (Tonnes CO^2) (i)	26,162	27,359	-4%

(i) Total energy use has increased yet the carbon footprint has reduced. This is due to UK CO^2e conversion factors decreasing by 10.8% since 2015 as a result of a significant decrease in coal generation and the increase in gas and renewables generation.

Objectives For The Period To January 2018
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 3 February 2018:

- Continue to expand the reach of the CMP by working with the newly acquired businesses.
- Introduce 100% LED lighting to all new and refurbished stores where a new lighting scheme is fitted. This is to include front and back-of-house lighting.
- Retrofit further stores with the 23 Watt LEDs for retail lighting thereby further reducing energy consumption and heat gain in the retail environment.
- Further investment in the use of building management systems to allow remote monitoring and control of building services.
- Review energy usage and practices at the main warehouse in Kingsway, Rochdale.
- Implement recommendations from the energy surveys carried out to exceed our Energy Savings Opportunity Scheme ('ESOS') obligations.

Interaction With Pentland Group Plc
Under the current rules of the statutory Carbon Reduction Commitment Energy Efficiency scheme ('CRC'), the Group's submission to the UK Environment Agency is aggregated with that of Pentland Group Plc which is the Group's ultimate holding company (see note C22). The Group continues to work closely with Pentland Group Plc to ensure an efficient process with regard to the emissions trading scheme which was introduced in April 2010, as part of the CRC.

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 amount of cardboard recycled increased to 3,993 tonnes (2016: 1,638 tonnes). This has been driven by the move to reusable 'tote' boxes within our distribution network, resulting in the retention of inward delivery cardboard boxes at Kingsway which are then recycled.

Corporate and Social Responsibility (continued)

The Group has expanded its use of the Dry Mixed Recycling ('DMR') scheme to all pre-existing stores and businesses in the UK, Ireland and the Netherlands to divert as much waste as possible away from landfill. The scheme will be rolled out to other newly acquired businesses as soon as this is possible. In the period to 28 January 2017 we recycled 95% (2016: 95%) of our DMR waste with the remainder being used as an energy-from-waste (EfW) material.

Our Kingsway Distribution Facility continues to be a zero waste to landfill site.

In addition to the DMR scheme, there are three other main elements to our recycling strategy:

- 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 3,954 trees (2016: 3,808 trees).
- Photocopier and printer toners (laser and ink) are collected and recycled for charity by Environmental Business Products Limited.
- Food waste is separated where possible and reused in the production of compost.

Plastic Bags

Approximately 42% of the bags issued by the Group's like for like businesses 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.

The use of this material has also been adopted in an additional 70% of the Group's plastic bags handed out to customers. The Group uses paper-based bags rather than plastic bags in its stores in the Republic of Ireland and we are also fully compliant with the carrier bag charge schemes across the United Kingdom.

100% of the proceeds from the carrier bag charges (net of VAT) are passed to the JD Foundation for annual distribution as follows:

- England: £496,000 received in the period to 28 January 2017. 50% of the funds are passed to Mountain Rescue in England and Wales with the remaining 50% donated to other charitable causes in accordance with the objects of the JD Foundation.
- Wales: £22,000 received in the period to 28 January 2017. 50% of the funds are passed to Mountain Rescue in England and Wales with the balance 50% donated to other charitable causes in accordance with the objects of the JD Foundation.
- Scotland: £59,000 received in the period to 28 January 2017. 50% of these funds are passed to Scottish Mountain Rescue with the balance 50% donated to other charitable causes in accordance with the objects of the JD Foundation.

The Foundation has committed to continuing the arrangements with Mountain Rescue in England and Wales and Scottish Mountain Rescue for a further two years on the same basis.

Human Rights

The Group endorses the principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work which seek to ensure safe and fair working conditions on a global scale. Our suppliers are selected upon and contractually committed to the Group on the basis of their adherence to these principles.

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's Supplier Code of Conduct, which follows the ETI base code, is set out in the Group's Conditions of Supply, and includes the labour and ethical standards which all Group suppliers must adhere to.

All suppliers are contractually obliged to comply with the Group's Conditions of Supply, which are regularly updated. During the year, these were uploaded onto an external platform, ensuring greater accessibility for all suppliers. Prior to any orders being placed, all new suppliers are required to register with the Group's external platform and complete the Group's factory risk assessment to indicate their degree of compliance to the Group's Supplier Code of Conduct and, ultimately, the ETI Base Code.

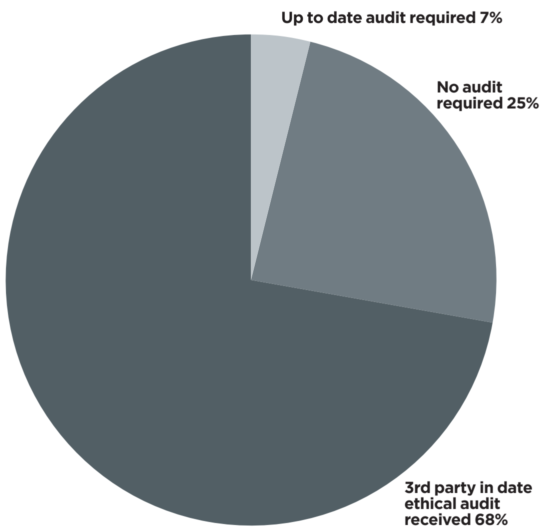
Corporate and Social Responsibility (continued)

All existing suppliers are also required to conduct this factory risk assessment on an annual basis with the results held on an external platform. Those suppliers who reach a pre-determined level of spend in any one season are then required to undergo an ethical audit which is carried out by a pre-approved third party specialist auditor. The results of these risk assessments and annual audits are reviewed by the Group's Sourcing and Compliance team and any areas of concern with regard to potential non-compliance are investigated thoroughly initially through desktop reviews and verified when the team visits the factories concerned. Action plans are devised where required and must be corrected within the time frames stated in the audit results. As the Group has a combined Sourcing and Compliance team, this ensures that matters of compliance are embedded within the sourcing processes and procedures which the Group has in place prior to contracting with a new supplier.

During the last financial year, the Group joined the Fair Factories Clearing House ('FFC') compliance programme and has continued with its progression of the Asia Inspections partnership. The Group continually strives to achieve zero tolerance on critical issues, with critical issues being defined as 'an issue that impacts workers causing hardship or harm'.

Over the past three years the Group has reduced its supplier base by more than half which is a key part of the Group's sourcing strategy and allows a greater collaboration with the supplier base on issues such as ethical trade and modern slavery. The Group currently sources its own brand product from 10 countries using 196 factories with 139 agents.

During this financial year, the Group has increased its focus on external auditing, with 68% of the Group's suppliers now having been audited by a third party with a further 7% currently undergoing an audit, as illustrated by the diagram below.



This increase in auditing has given the Group enhanced visibility of issues in its factories and has allowed the Group, with the help of the FFC and the factories, to track the resolution of these non-compliances to improve conditions across all areas of the ETI base code. The FFC continues to assist the Group in its monitoring of the progress of individual issues and allows the Group to share the responsibility for improvement of factory compliance with other brands manufacturing products in the same factories.

Due to the diverse nature and scope of the Group's 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/or audits and the supplier cannot be visited, they are required to provide evidence of corrective action and are subsequently re-graded against the initial report. These actions will be verified directly by the Group's Sourcing and Compliance team as soon as practically possible on a future visit.

The Group's Sourcing and Compliance team will amend its factory risk assessment process in the forthcoming financial year, which will include sections on migrant workers and other relevant areas which are key to identifying red flags evidencing risks of modern slavery.

The Group is also in the process of delivering a modern slavery training programme for all Group employees who have direct involvement in procurement of any kind. The training programme will include modern slavery awareness training and will be extended to the Group's other partners and key suppliers in the forthcoming financial year.

The Group continues to work with the FFC to create a database of all factories and their associated audit information. The Group has completed this exercise for all of its first tier suppliers and aims to include the same information for all of its second tier suppliers by the end of 2018. Throughout this process, the Group is working to further improve visibility and adoption of its core values across its entire supplier base.

An integral part of the Group's sourcing strategy is to ensure that we can identify and work with suppliers who share the same values and demonstrate commitment to the Group's policies on human rights and general ethics. The Group aims to undertake more factory visits, carry out training and build on the partnerships we have in place with suppliers, which we feel is vital to ensuring the progression of our values.

Corporate and Social Responsibility (continued)

The Group is also in the process of issuing a Code of Conduct for all suppliers of Goods Not For Resale, which includes commitments from suppliers on key aspects of ethical trading, human rights and the eradication of modern slavery from the supply chain.

Our intention is that all businesses in the Group should comply with this policy. Over the next financial year we will work towards ensuring that all subsidiaries are compliant with Group policy, principally those that have been recently acquired.

Our Communities
The Group seeks to be involved in the community where it can make an appropriate contribution from its resources and skills base.

The JD Foundation was registered with the Charity Commission on 13 May 2016 (registered charity number 1167090). In addition to the support given to Mountain Rescue in England and Wales and Scottish Mountain Rescue, the mission of the Foundation is to work with youth charities in the UK to support disadvantaged young people affected by circumstance or illness.

The JD Foundation's nominated charities during the period to January 2017 were:

- C.R.Y. (Cardiac Risk in the Young)
- Once Upon A Smile
- Rays of Sunshine
- Salford Foundation
- Street Games
- Teenage Cancer Trust
- The Factory Youth Zone
- The London Sports Trust
- The Retail Trust

The JD Foundation has donated over £1 million to charities in the UK during the financial period.

As part of our support of C.R.Y – Cardiac Risk in the Young, we have undertaken to host two screening days in our Head Office site which will screen a total of 220 employees for Cardiac Risk while our work with this charity nationally will see a further five days sponsored by the Foundation during 2017 bringing our total number of young adults screened in 2017 to approximately 770.

In addition to this, we have entered into a mentoring programme with Salford Foundation to support young people and assist in their career choices as they reach a critical period in their lives and education.

This year will see our first Charity Day which will bring young people from several of our charities together, for an activity day with the Mountain Rescue teams from England and Wales. This will take place at Holcombe Moor Training Camp near the Group's Head Office.

It is important that we build a sustainable future for our chosen charities and feel that bringing them together in a fun environment encourages a network of support and collaboration to build upon.

Furthermore, staff from within Head Office also supported the charity Smiling Families, which supports families affected by serious illness, by sending presents for children to be delivered for Christmas.

Brian Small
Chief Financial Officer
10 April 2017

Governance

Governance

The Board

Peter Cowgill
Executive Chairman and Chairman of the Nomination Committee - Aged 64
Peter was appointed Executive Chairman in March 2004. He was previously Finance Director of the Group until his resignation in June 2001. He is the Non-Executive Chairman of United Carpets Plc and was appointed as a Non-Executive Director of Better Bathrooms (UK) Limited in January 2017.

Brian Small
Chief Financial Officer - Aged 60
Brian was appointed Chief Financial Officer 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.

Andrew Leslie
Non-Executive Director, Chairman of the Remuneration Committee and Member of the Audit and Nomination Committees - Aged 70
Andrew was appointed to the Board in May 2010. He has over 40 years of experience in the retail, footwear and apparel sectors. He was an Executive Board Director of Pentland Brands Plc, from which he retired in 2008. Andrew also held a number of senior positions with British Shoe Corporation, The Burton Group Plc and Timpson Shoes Limited.

Martin Davies
Non-Executive Director, Chairman of the Audit Committee and Member of the Nomination and Remuneration Committees - Aged 57
Martin was appointed to the Board in October 2012. Martin also holds the position of Chairman of Sentric Music Limited. He was previously Group Chief Executive of Holidaybreak Plc from 2010 until its sale to Cox and Kings Limited in 2011. He joined the Board of Holidaybreak Plc in 2007 when it acquired PGL where he had been Chief Executive. He left Holidaybreak Plc in 2012. Previously, he has had roles at Allied Breweries, Kingfisher and Woolworths.

Heather Jackson
Non-Executive Director, member of the Audit, Nomination and Remuneration Committees - Aged 51
Heather was appointed to the Board in May 2015. Heather has extensive experience in IT and change management. Heather is currently Managing Director at Actinista 2016 Limited and a Non-Executive Director of Ikano Bank AB. Her former roles have included CIO and COO of HBOS Plc and other director level roles with Capital One, Boots the Chemist and George at Asda.

Andy Rubin
Non-Executive Director - Aged 52
Andy was appointed to the Board in February 2016. Andy is Chairman of Pentland Brands, a Director of Pentland Group Plc and the European Vice-President of the World Federation of the Sporting Goods Industry.

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 28 January 2017. The Board considers that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Principal Activity
The principal activity of the Group is the retail of branded sports fashionwear and outdoor clothing and equipment.

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, social, community and human rights issues, together with the Group's Key Performance Indicators and a description of the principal risks and uncertainties facing the business is detailed in the Strategic Report on pages 54 to 73.

All of 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 80 to 84 and the Directors' Remuneration Report page 85 to 95 are incorporated by reference into, and are deemed to form part of, this report. This report is also intended to incorporate the Company's management report within it.

Share Capital
As at 30 January 2016, the Company's issued share capital was £2,433,083, comprising 194,646,632 ordinary shares of 1.25p each. However, following a reorganisation of the Company's share capital as approved by the shareholders at a general meeting of the Company held on 24 November 2016, each 1.25p ordinary share was subdivided into five ordinary shares of 0.25p each. The issued share capital following the general meeting was £2,433,083, comprising 973,233,160 ordinary shares of 0.25p each. The new 0.25p ordinary shares were admitted to the Official List of the UK Listing Authority and to trading on 28 November 2016.

As at 28 January 2017 the Company's issued share capital was £2,433,083 comprising 973,233,160 ordinary shares of 0.25p 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 its absolute discretion, refuse to register any transfer of shares which are not fully paid up (but not so as to prevent dealings in listed shares from taking place), 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 and the Market Abuse Regulation (which came into force during this financial year) of the Financial Conduct 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.

Substantial Interests in Share Capital
As at 28 January 2017 the Company has been advised of the following significant holdings of voting rights in its ordinary share capital pursuant to the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ('DTRs'):

	Number of ordinary shares/ voting rights held	% of Ordinary share capital
Pentland Group Plc	559,274,440	57.47
Fidelity Management and Research LLC	48,588,900	4.99
Old Mutual Global Investors	34,412,294	3.54

The Company has not been notified of any significant changes in interests pursuant to the DTRs between 28 January 2017 and the date of this report.

Directors' Report (continued)

Relationship Agreement
In accordance with LR 9.2.2AR (2) (a), the Company has entered into a written and legally binding relationship agreement with its controlling shareholder Pentland Group Plc. So far as the Company is aware, the independence provisions included within the relationship agreement have been complied with during the period since the agreement has been in force.

Directors
The names and roles of the current Directors together with brief biographical details are given on page 76. 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 Annual General Meeting 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 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.

However, in accordance with the UK Corporate Governance Code the Board has determined that all Directors will stand for re-election at the 2017 AGM.

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 £215 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 via one to one meetings with management, staff forums and other employee committees. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's performance and of significant organisational changes.

A key factor in the Group's employee remuneration strategy is encouraging the involvement of all employees in the Company's performance. Full details of the Group's remuneration strategy are set out in the Remuneration Report on pages 85 to 95.

The Group is committed to promoting equal opportunities in employment regardless of employees' or potential employees' gender, marital status, sexual orientation, age, race, religion, ethnic or social 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 the employment, development and training of the employee in question within their existing capacity wherever practicable, or failing that, in an alternative suitable capacity.

Auditor
KPMG LLP have indicated their willingness to continue in office as auditor of the Company. A resolution proposing their re-appointment will be proposed to shareholders at the forthcoming AGM.

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 they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors’ Report (continued)

Viability Statement
In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014, the Directors have assessed the prospects of the Group over a longer period.

The Board conducted this review for a period of three years to 1 February 2020. A period of five years was selected for the previous financial year however this has been revised to three years as the Board considered this to be a more appropriate period to assess performance and the potential impact of key risks in a fast paced retail environment. The three year period also aligns with how we measure performance and remunerate at a senior level through the Long Term Incentive Plan (‘LTIP’).

In assessment of the viability of the Group, the Board has considered the Group’s current position and strategy and performed a robust assessment of each of the principal risks detailed on pages pages 57 to 59. These principal risks are considered to be those which may threaten the business model, future performance and liquidity. Where appropriate, the Board has evaluated the impact of the key principal risks actually occurring based on severe but plausible scenarios. The evaluation included performing sensitivity analysis by flexing the main assumptions in the scenarios.

The Board has also considered the Group’s income and expenditure projections, the Group cash flows and other key financial ratios over the period along with the potential impact of Brexit.

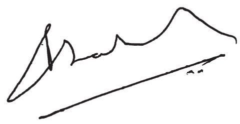
Based on the results of the analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of the assessment.

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
The Company’s AGM will be held at 1pm on 29 June 2017 at Edinburgh House, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR. The notice of this year's AGM is included in a separate circular to shareholders and will be sent out at least 20 working days before the meeting. This notice will be available to view under the 'Investors' section of the Company's website, www.jdplc.com/investor-relations.

The Directors consider that each of the proposed resolutions to be presented at the AGM is in the best interests of the Company and its shareholders and employees as a whole and most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of each of the proposed resolutions, as the Directors intend to do in respect of their own shareholdings.

By order of the Board



Brian Small
Chief Financial Officer
10 April 2017

Corporate Governance Report

Compliance with good corporate governance is important to the Board. This report sets out how the Company has applied the main principles set out in the UK Corporate Governance Code published by the Financial Reporting Council in September 2014 ('the Code') and the extent to which the Company has complied with the provisions of the Code. The Company will be required to apply the main principles of the 2016 UK Corporate Governance Code for the 2017/2018 annual report. This report includes relevant provisions of the Code, where appropriate.

The Board
The Board currently consists of six Directors; an Executive Chairman, the Chief Financial Officer and four Non-Executive Directors. Martin Davies is the senior independent Non-Executive Director. The name, position and brief profile of each Director is set out on page 76.

The composition of the Board is kept under review and changes are made when appropriate and in the best interests of the Group. 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. The Board's composition also provides entrepreneurial leadership within an appropriate framework of effective control.

The independence of the Non-Executive Directors is considered by the Board on an annual basis. All Non-Executive Directors, save for Andy Rubin, are considered to be independent by the Board. Andrew Leslie was formerly an Executive Director of Pentland Brands Plc, a subsidiary of Pentland Group Plc ('Pentland'), the Company's largest shareholder. Andrew Leslie does not represent the interests of Pentland on the Board and retired from Pentland Brands Plc in 2008. Andy Rubin is the Chairman of Pentland Brands and a Director of Pentland Group Plc and is, therefore, not considered by the Board to be an independent Non-Executive Director. The Board believes that the Non-Executive Directors have provided ample guidance to the Board and perform an effective role in challenging the Executive Directors, when appropriate.

From time to time, the Executive Chairman meets with the Non-Executive Directors without the other Director present to discuss Board performance and other matters considered 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 76 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.

Under the Company's Articles of Association, all Directors are required to retire and offer themselves for re-election every three years. However, in accordance with the Code, all Directors will retire and offer themselves for re-election at the 2017 AGM.

Board Operation
The Board is responsible for the direction, management and performance of the Company. The Board held nine scheduled meetings during the year under review and ad hoc meetings were held between scheduled meetings, where required. Directors' attendance at scheduled Board and Committee meetings is set out in the table opposite. The Board is responsible for providing effective leadership and promoting the 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, which is kept under regular review to ensure it is appropriate in light of the Group's activities.

The Board delegates certain powers to Board Committees, as set out below.

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 receive an appropriate induction when they join the Board. Relevant training is arranged as and when deemed appropriate.

A performance evaluation of the Board, its Committees and individual Directors was conducted during the year. This consisted of an internally run exercise conducted through the completion by each Director of a questionnaire prepared by the Company Secretary which encourages each Director to give his opinions on Board and Committee procedures, operation and effectiveness as well as any other matter they wish to raise.

Corporate Governance Report (continued)

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 Director (excluding the Executive Chairman). The feedback from the evaluation process is used by the Board to identify strengths and development areas and confirmed that the Board and its Committees were operating effectively. The Board determined that an internal performance evaluation exercise was appropriate.

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

Attendance at Board and Committee Meetings

Year to 28 January 2017	Board Meetings	Remuneration Committee	Audit Committee	Nomination Committee
Total number of meetings	9	2	2	1
P Cowgill	9	2(1)	2(1)	1
B Small	9	-	2(1)	-
A Leslie	9	2	2	1
M Davies	9	2	2	1
H Jackson	9	2	2	1
A Rubin	9	-	-	-

Notes:
1. P Cowgill and B Small attended the Remuneration Committee meetings and/or 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

Membership and Meetings
The Audit Committee currently comprises three independent Non-Executive Directors; Martin Davies, Andrew Leslie and Heather Jackson. Martin Davies chairs the Audit Committee. The Board considers that the composition of the Audit Committee provides the required skills and experience.

The Audit Committee met twice in the year with the external auditor attending part of each meeting. Details of attendance at Audit Committee meetings are set out in the table opposite.

Principal Duties
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, risk management and the performance and cost effectiveness of the external auditor.

Main Activities During the Year
The Committee's activities included:
- Reviewing the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's detailed reports thereon including internal controls.
- 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 the independence and effectiveness of the Group's external auditor.
- Reviewing the arrangements in place for employees to be able to raise matters of possible impropriety in confidence to ensure they remain appropriate.
- Reviewing the Company's risk register and internal controls.
- Consideration of whether an internal audit function should be established.

Financial Statements and Significant Accounting Matters
The Committee is responsible for reviewing the Group's draft financial statements and interim results statement prior to Board approval. As part of such review, the Committee considers whether suitable accounting policies have been adopted and whether appropriate judgements have been made by management. The Committee also reviews reports by the external auditor on the full year and half year results.

Corporate Governance Report (continued)

The following are material areas in which significant judgements have been applied and have been considered by the Committee during the year:

Impairment of Goodwill and Fascia Names

The Committee considered the assumptions underlying the calculation of the value in use of the cash generating units being tested for impairment, primarily the achievement of the short term business plan, the assumptions on discount rates and long term growth rates. The Committee reviewed the budgets and business plans that support the impairment reviews and challenged the key assumptions used and are comfortable that they represent management's best estimate at the time.

The external auditor provides to the Committee detailed explanations of the results of their review of the estimate of the value in use, including their challenge of management's underlying cash flow projections, the key growth assumptions and discount rates. The Committee has also reviewed the disclosures in the financial statements.

Valuation of Inventories

The Committee considered the assumptions used in the inventory obsolescence provision models across the Group. The valuation of inventories is a key focus for the Group as its retail businesses are highly seasonal. The Committee reviews the provision models and challenges management on the key judgements made over aged stock and the level of proceeds for aged stock.

The external auditor reports to the Committee on the work they have completed and how their audit work is concentrated on this area.

Valuation of Intangible Assets Recognised as Part of the Acquisition of Go Outdoors Topco Limited

The Committee has reviewed the acquisition accounting in relation to the purchase of Go Outdoors Topco Limited and has considered the assumptions used in the intangibles valuation models; primarily the budgets and forecasts, discount rates and royalty rates used. Furthermore, an external party was engaged to review the methodology applied and provide other analysis where relevant.

The external auditor provides to the Committee detailed explanations of the results of their review of the acquisition accounting, including their challenge of management's key assumptions and discount rates. The Committee has also reviewed the disclosures in the financial statements.

External Auditor

A breakdown of the audit and non-audit related fees are set out in Note 3 to the Consolidated Financial Statements on page 114. Non-audit work was comprised mainly of tax and other project work and was undertaken by the external auditor due to their knowledge and understanding of the Group's business and in the interests of efficiency. Larger pieces of non-audit work were awarded following a tender process. The Company regularly instructs other firms to provide non-audit services from time to time. The Committee is satisfied that the level and scope of non-audit services performed by the external auditor does not impact their independence.

In light of the recent audit reforms, the Committee has revised its policy on the provision of non-audit services by the external auditor. The objective of the new policy is to ensure the external auditor's independence is maintained and to establish appropriate approval levels prior to non-audit work being undertaken by the external auditor, in compliance with the new FRC Audit Committee Guidance on non-audit services. Under the policy, any non-audit services to be undertaken by the auditor which are not prohibited or potentially prohibited under the audit reforms require advance authorisation in accordance with the following:

- For individual pieces of work below £20,000 - Chief Financial Officer approval required.
- Work in excess of £20,000 – Committee approval required.

If it is proposed that any potentially prohibited non-audit work is carried out by the auditor, this will require Committee approval.

KPMG have acted as auditor to the Company since its flotation in 1996 and no tender exercise has been conducted to date. The lead partner is subject to rotation every five years to safeguard independence, with a new lead partner having been appointed to lead the audit during the 2014 / 15 financial year. The Audit Committee confirms that the Company complied throughout the financial year under review with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014. The Audit Committee does not necessarily intend to recommend to the Board that it carries out a competitive tender programme for audit services within the next financial year, however, the Committee regularly reviews whether such a tender programme would be in the best interests of the Company's shareholders and, accordingly, this process will be completed at the appropriate time and in any event, in advance of the deadline for completing a mandatory competitive tender process in order that a new auditor is appointed for the financial year commencing February 2024.

Corporate Governance Report (continued)

The 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 and being satisfied that the external auditor continues to be independent, recommends their reappointment.

Internal Audit

The Company does not currently have an internal audit function. The Committee considers on a regular basis whether an internal auditor should be recruited and at the current time has determined that this is not necessary, despite overseas expansion, due to the centralised nature of the Group's core operations and the Group's experienced Profit Protection team who play an effective role in limiting shrinkage, theft and fraud as well as in stock and cash audits. The Profit Protection Director reports to the Board on a quarterly basis.

Remuneration Committee

The Remuneration Committee currently comprises three independent Non-Executive Directors; Andrew Leslie, Martin Davies and Heather Jackson. Andrew Leslie is the chair of the Remuneration Committee.

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 twice during the year. Details of attendance at Remuneration Committee meetings are set out in the table on page 81.

Further details about Directors' remuneration are set out in the Directors' Remuneration Report on pages 85 to 95

Nomination Committee

The Nomination Committee currently comprises Peter Cowgill, the Executive Chairman, and three independent Non-Executive Directors, Andrew Leslie, Martin Davies and Heather Jackson. The Executive Chairman is the chair of the Nominations Committee.

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 senior management and, where necessary, consider new appointments to the Board and senior management. The Nominations Committee met once during the financial year.

From time to time, the full Board performs some of the duties of the Nomination Committee, as was the case during the year under review. In addition, regular informal discussions on Board structure, succession and performance take place between the Non-Executive Directors and the Executive Chairman.

Board Composition and Diversity

Whilst the Board is mindful of the recommendations of the Davies Review and of the Hampton-Alexander Review, the Board's overriding aim is to ensure that Board membership is based on merit and that any new appointments to the Board are measured against objective criteria. The Board is encouraged by the gender balance within the Company's senior management team.

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.

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 detailed reports from the external auditor in relation to the financial statements and the Group's system of internal controls.

Corporate Governance Report (continued)

The Group has a formal whistleblowing policy in place enabling employees to raise concerns in relation to the Group's activities on a confidential basis. Information about whistleblowing channels is made available to all store and Head Office employees.

It is the Group's policy to conduct all of its business in an ethical manner. The Group takes a zero tolerance approach to bribery and corruption, amongst its employees, suppliers and any associated parties acting on the Group's behalf. The Group has a detailed Anti-Bribery and Corruption Policy and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships and to implementing effective systems to counter bribery.

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 control the Directors have regard to the materiality of relevant risks, the likelihood of a loss being incurred and costs of control. It follows, therefore, that the system of internal control can only provide a reasonable, and not absolute, assurance against the risk of material misstatement or loss.

The integration of recently acquired businesses into the Group's system of internal controls is achieved as quickly as possible.

Shareholder Relations

The Executive Directors maintain an active dialogue with the Company's major shareholders to enhance understanding of their respective objectives, attending meetings and investor roadshows on a regular basis. 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. Major shareholders may meet with the Non-Executive Directors upon request.

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.

Compliance with the Code

The Directors consider that during the year under review and to the date of this report, the Company complied with the Code except in relation to the following:

- Code provision B.6.2 – The Board did not conduct an externally facilitated evaluation exercise, as the Board considered it most appropriate to carry out an internal evaluation exercise this year. The Board will keep under consideration on an annual basis whether an externally facilitated exercise is appropriate and would provide value for money.
- Code provision C.3.7 – The audit has not been put out to tender within the last ten years. In light of the Code, the Committee will keep under review the appropriate timing for a formal tender.

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

Brian Small
Chief Financial Officer
10 April 2017

Directors’ Remuneration Report

Annual Report

The 2016/2017 year delivered outstanding sales and earnings growth across the Group. The LFL performance of JD UK has been especially strong reflecting the first class performance of the Executive Team. The significant earnings improvement and increased shareholder value creation are a credit to the energy and successful efforts of the Executive Directors. The continuing expansion and successful performance of JD internationally, particularly in Mainland Europe, is praiseworthy and bodes well for the future.

The Executive Team of Senior Managers directly below the Board lead outstanding departments and functions which deliver consistent, professional and exceptional performance. The growth and development of this team is an important element in our confidence in the future. We have a strong and growing team of highly performing executives.

This year has seen JD Sports Fashion Plc move forward dramatically compared with its competitors and the retail market overall. In a year not without challenges, serious and sustainable progress has been made.

Once again the Annual bonus awards for the Executive Directors reflect this exceptional company performance. The Senior Managers have also been rewarded appropriately for their outstanding performance and their successful results. The Remuneration Committee (‘Committee’) has focused on ensuring that our policies and actions are appropriate for our business in the current competitive situation and that they balance the rewards to our Executive Directors for delivering first class financial performance with our medium/long term strategic goals to create long term value for our shareholders.

We believe in rewarding our Executives based on their individual and team performance and on the value created for the shareholders. Our annual bonus scheme combines financial targets with medium / long term strategic objectives. A Long Term Incentive Plan (‘LTIP’) was approved at the Annual General Meeting (‘AGM’) on 26 June 2014, which is based on the achievement of earnings based on financial targets over a three year period. A new LTIP is proposed for approval at the 2017 AGM.

This Directors' Remuneration Report (‘Report’) is based on the activities of the Committee for the period to 28 January 2017. It sets out the remuneration policy and remuneration details for the Executive and Non-Executive Directors of the Company. There are three sections:

- This Annual Statement;
- The Policy Report setting out the Directors' remuneration policy; and
- The Annual Report on Remuneration providing details on the remuneration earned in the year to 28 January 2017 and how the Directors' remuneration policy will be operated for 2017 / 2018. This Annual Report on Remuneration together with the Annual Statement and Remuneration Policy will be subject to an advisory shareholder vote at the 2017 AGM.

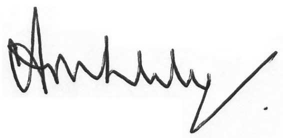
This report has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (‘Regulations’). The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in that report.

The Committee keeps under review the remuneration policy and specific remuneration packages for the Executive Directors and Senior Managers. The Committee is mindful that our Group operates in a highly competitive retail environment and we seek to ensure that our remuneration policy is appropriate to attract, retain and motivate Executive Directors and Senior Managers of the right calibre to ensure the success of the Company into the future. The Committee has determined that it would be appropriate for a new LTIP scheme to be proposed to shareholders at the 2017 AGM. In line with prior LTIP schemes, it will grant cash awards rather than shares, given the current shareholder structure, the lack of a large free float and as the Company does not operate a share scheme. The Committee believes it is in the best interests of the Company to adopt the new LTIP in order to be able to retain and motivate the Executive Directors, to provide competitive rewards and to incentivise them to sustain and build long term value in alignment with shareholder interests. A similar scheme is in place for the Senior Managers.

Directors’ Remuneration Report (continued)

Summary of Activity

- Agreeing bonus awards for the Executive Directors and annual bonus and long term incentive plan for Senior Managers in relation to the period 2016 / 2017.
- Reviewing the basic salary of the Executive Chairman and the Chief Financial Officer to ensure these are appropriate for the market in which we operate. With effect from 1 April 2017, the Committee has agreed that the basic salary reviews detailed on page 94 will be implemented. The salary increases equate to a 1.5% increase for the Executive Chairman and the Chief Financial Officer (which is in line with the general increase for our Head Office employees).
- Reviewing the annual bonus awards for the year to 28 January 2017, which are set out on page 92, and setting appropriate targets for the 2017 / 18 financial year. These are based on a combination of financial and non-financial Key Performance Indicators (‘KPIs’) linked to key strategic objectives which are intended to reward our Executive Directors for performance and provide alignment with shareholder interests.
- Consideration of appropriate LTIP arrangements. The Company is proposing a new cash LTIP for the Executive Directors at the 2017 AGM.



Andrew Leslie
Chairman of the Remuneration Committee
10 April 2017

Directors' Remuneration Report (continued)

Directors' Remuneration Policy (Unaudited)

This Directors' remuneration policy for the financial year ended 28 January 2017 was approved by shareholders at the AGM held on 26 June 2014 and has remained in force for a period of three years. The remuneration policy table was disclosed in full in the 2016 Annual Report which is available to download at www.jdplc.com.

The new Directors' remuneration policy will take effect, subject to it being approved by shareholders, from the date of the 2017 AGM.

Remuneration payments and payments for loss of office can only be made to Directors if they are consistent with the approved Directors' remuneration policy. However, commitments made before the Directors' remuneration policy came into effect and commitments made before an individual became a Director will be honoured even if they are inconsistent with the policy prevailing when the commitment is fulfilled.

Future Policy Overview

- The Group operates in a highly competitive retail environment and the Committee seeks to ensure that the level and form of remuneration is appropriate to attract, retain and motivate Executive Directors of the right calibre to ensure the success of the Company into the future.
- 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 Executive Directors 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.

Future Remuneration Policy Table

Executive Directors

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Base salary	To provide competitive fixed level remuneration to attract and retain Executive Directors of the necessary calibre to execute the Group's strategy and deliver shareholder value.	Base salaries for the Executive Directors are reviewed annually by the Committee. The following factors are taken into account when determining base salary levels: • Remuneration levels at comparable quoted UK retail companies. • The need for salaries to be competitive. • The performance of the individual Executive Director. • Experience and responsibilities. • Pay for other employees in the Group. • The total remuneration available to the Executive Directors and the components thereof and the cost to the Company.	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 believes an adjustment is required to reflect market rates or performance. There is no prescribed maximum annual increase. The Committee is guided by the general increase for the broader employee population but on occasion may need to recognise, for example, an increase in the scale, scope or responsibility of the role as well as market rates.	Not applicable
Benefits	To ensure the overall package is competitive for Executive Directors.	Current benefits provision is detailed on page 92. Other benefits may be provided where appropriate including health insurance, life insurance / death in service, travel expenses and relocation.	The Committee determines the appropriate level taking into account market practice and individual circumstances.	Not applicable

Directors' Remuneration Report (continued)

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Pension	To provide post-retirement benefits for Executive Directors.	Payments are made into a defined contribution scheme with company contributions set as a percentage of base salary. The Committee has the discretion to pay a cash amount in lieu of a pension contribution (any such payment would not count for the purposes of calculating bonus and LTIP awards).	The rates are set at a level which the Committee considers is appropriate. Current company contribution rates for Executive Directors are shown on page 92.	Not applicable
Annual Bonus	Executive Directors have the opportunity to earn performance related bonuses based on the achievement of financial targets and key performance indicators which incentivise the achievement of the business strategy.	The bonus is paid annually in cash and is non-pensionable. Clawback and Malus provisions apply to the Annual Bonus. The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Company's audited financial results, a serious failure of risk management or serious reputational damage.	100% of salary, however, the Committee has the discretion to award bonuses of up to 200% of salary for exceptional performance.	The targets are set by the Committee each year and are based on a combination of financial and strategic KPIs, with target and maximum levels. Two thirds of the annual bonus will be linked to financial targets. The Committee retains the discretion to adjust the targets in the event of significant corporate activity during the year. The Committee will review the Group's overall performance before determining final bonus levels. The Committee may in exceptional circumstances amend the bonus payout should this not, in the view of the Committee, reflect the overall business performance or individual contribution. Targets will be disclosed in the following year's Annual Report.
Long Term Incentive Plans	To provide the Executive Directors with the opportunity to earn competitive rewards. To align the Executive Directors' interests more closely with those of the shareholders. To focus the Executive Directors on sustaining and improving the long-term financial performance of the Company and reward them appropriately for doing so.	We are proposing a new LTIP for shareholder approval at the 2017 AGM. Key features of the LTIP are: • Cash awards (not shares). • Three year performance period. • The performance condition can be amended or substituted if events occur which cause the Committee to consider that an amended or substituted performance target would be more appropriate. Any amended or substituted target would not be materially more or less difficult to satisfy. • Malus provisions apply to unvested awards. The Committee can use its discretion to reduce, cancel or impose further conditions on the awards where it considers such action is appropriate. This includes where there has been a material misstatement of the Company's audited financial results, a serious failure of risk management or serious reputational damage.	150% to 200% of base salary. The level of any awards under the LTIP remains under the consideration of the Committee.	The LTIP will measure financial performance over a 3 year period. 25% of any award will vest at threshold performance increasing on a straightline basis to 100% for maximum performance. Targets will be disclosed in the annual accounts for the year following a performance period.

Directors' Remuneration Report (continued)

Non-Executive Directors

Element of Remuneration	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-Executive Director Fees	Set at a level which the Committee considers reflects the time commitment and contributions that are expected from the Non-Executive Directors.	Cash fee paid. Additional fees based on additional responsibilities, such as acting as Senior Independent Director or serving as Chairman of Board Committees, may be paid. Fees are reviewed on an annual basis. The Non-Executive Directors do not participate in the Company's incentive arrangements and no pension contributions are made in respect of them. Reasonable travel and subsistence expenses may be paid or reimbursed by the Company.	The policy of the Committee is that the fees paid to Non-Executive Directors should be reviewed annually, although it reserves the right to review fees on a discretionary basis if it believes an adjustment is required to reflect market rates, scope of responsibilities or performance. There is no prescribed maximum annual increase.	None

Share Ownership Guidelines
The Company does not have a minimum share ownership requirement for the Executive Directors. Given our narrow shareholder base and taking into account that the Company does not operate a share scheme, the Committee considers it impractical to set realistic shareholding targets.

Consideration of Shareholder Views
The Committee engages directly with major shareholders on key aspects of the remuneration policy and will take into consideration feedback received in relation to the AGM (or otherwise) when next reviewing the policy.

Consideration of Employee Conditions Elsewhere in the Group
Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of our business strategy and should be sufficient to attract and retain high calibre talent, without paying more than is necessary.

Senior Managers below Board level with a significant ability to influence company results may participate in an annual bonus plan and deferred bonus plan which reward both performance and loyalty and are designed to retain and motivate.

Approach to Recruitment Remuneration
In the event that a new Executive Director was to be appointed, a remuneration package would be determined consistent with the Directors' remuneration policy. In particular, new Executive Directors will participate in variable remuneration arrangements on the same basis as existing Executive Directors. In the event that a new Non-Executive Director was to be appointed, the fees payable would be determined in a manner which is consistent with the Directors' remuneration policy.

If it were necessary to attract the right candidate, due consideration would be given to making awards necessary to compensate for forfeited awards in a previous employment. In making any such award, the Committee will take into account any performance conditions attached to the forfeited awards, the form in which they were granted and the timeframe of the forfeited awards. The value of any such award will be capped to be no higher on recruitment than the forfeited awards and will not be pensionable nor count for the purposes of calculating bonus and LTIP awards. The Committee retains the right to exercise the discretion available under Listing Rule 9.4.2 where necessary to put in place an arrangement established specifically to facilitate, in unusual circumstances, the recruitment of a new Executive Director. Where appropriate the Company will offer to pay reasonable relocation expenses for new Executive Directors.

In respect of an internal promotion to the Board, any commitments made before the promotion will continue to be honoured even if they would otherwise be inconsistent with the Directors' remuneration policy prevailing when the commitment is fulfilled.

Service Contracts and Payments for Loss of Office
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 Small	10 March 2004	12	Rolling 12 months

It is the Company's policy that notice periods for Executive Director service contracts are no more than 12 months.

Directors' Remuneration Report (continued)

In the event of early termination, the Company may make a termination payment not exceeding one year's salary and benefits. Incidental expenses may also be payable where appropriate. It is in the discretion of the Committee as to whether departing Directors would be paid a bonus. In exercising its discretion on determining the amount payable to an Executive Director on termination of employment, the Board would consider each instance on an individual basis and take into account contractual terms, circumstances of the termination and the commercial interests of the Company. When determining whether a bonus or any other payment should be made to a departing Director, the Committee will ensure that no 'reward for failure' is made. The Committee may make a payment to a departing Director for agreeing to enter into enhanced restrictive covenants following termination where it considers that it is in the best interests of the Company to do so.

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 current Executive Director service contracts permit the Company to put an Executive Director on garden leave for a maximum period of three months. The Company may adjust such period as deemed appropriate for any new Executive Directors.

The Executive Director service contracts contain a change of control provision whereby if 50% or more of the shares in the Company come under the direct or indirect control of a person or persons acting in concert, an Executive Director may serve notice on the Company, at any time within the 12 month period following a change of control, terminating his employment. Upon termination in these circumstances, an Executive Director will be entitled to a sum equal to 112% of his basic salary (less deductions required by law) and such Executive Director waives any claim for wrongful or unfair dismissal. The Company does not envisage such a provision being contained in any service contracts for any new Executive Directors.

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

LTIP

Where cessation of employment is due to ill-health, injury, disability or the sale of the employing entity out of the group, the unvested LTIP award will continue. It will continue to vest in accordance with the original vesting date unless the Committee determines that it should vest as soon as reasonably practicable following the date of cessation.

Where cessation of employment is due to death, the LTIP award will, unless the Committee determine otherwise, vest as soon as reasonably practicable following death. Where the Executive Director is dismissed lawfully without notice, the LTIP award will lapse on the date of cessation.

In all other circumstances the LTIP award will lapse on the date of cessation of employment unless the Committee determines otherwise, in which case it will determine the extent to which the unvested LTIP award vest taking into account the extent to which the performance target is satisfied at the end of the performance period or, as appropriate, on the date on which employment ceases. The period of time that has elapsed since the start of the performance period to the date of cessation of employment will also be taken into account unless the Committee determines otherwise.

In the event of a change of control, LTIP awards will vest at the date of change of control (other than in respect of an internal reorganisation) unless the Committee determines otherwise.

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 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.

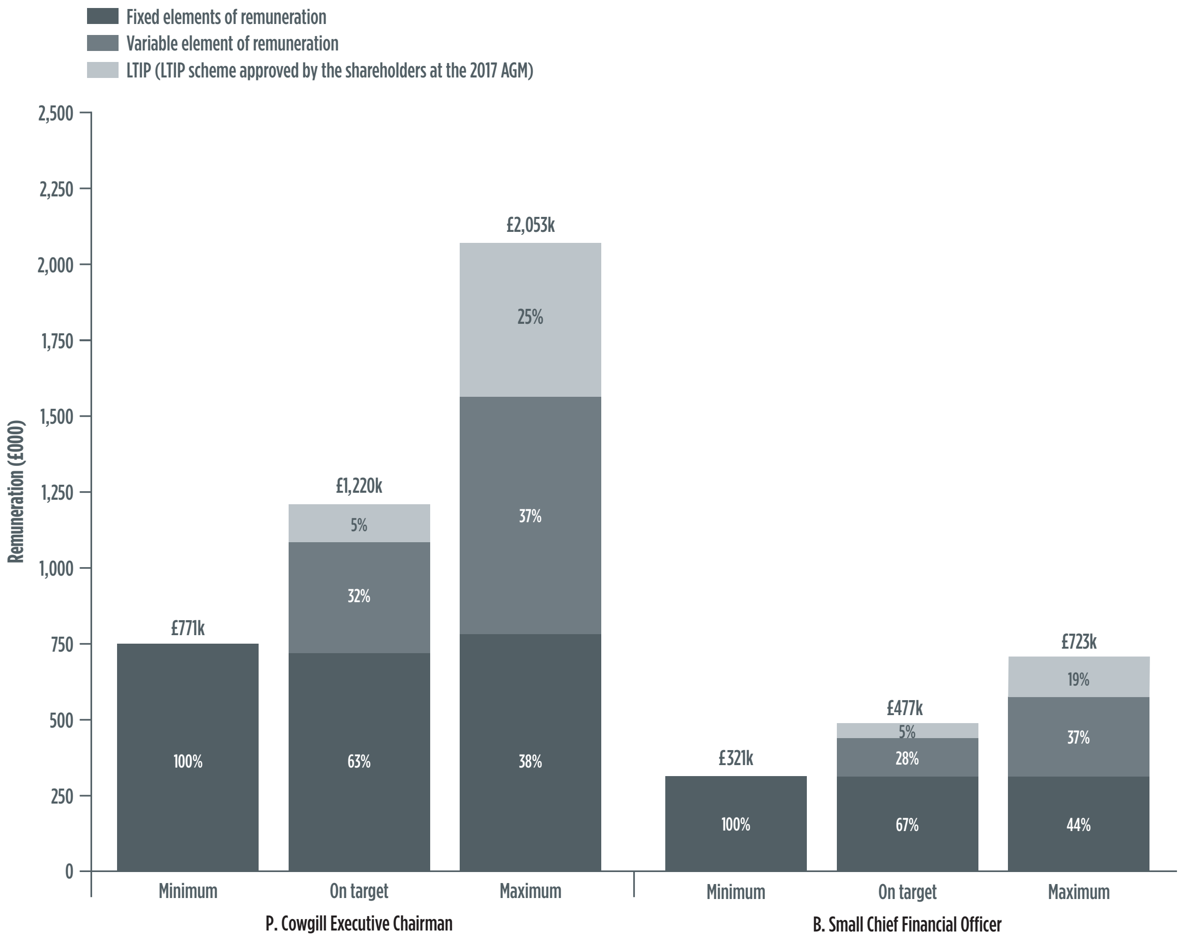
During the year to 28 January 2017, only Peter Cowgill held other Non-Executive Directorships. Peter Cowgill is the Non-Executive Chairman of United Carpets Group Plc and was appointed as a Non-Executive Director of Better Bathrooms (UK) Limited in January 2017. His aggregate retained earnings were £46,042 (2016: £42,500) in respect of these Non-Executive Directorships.

Directors' Remuneration Report (continued)

Illustrations of Application of Remuneration Policy

The chart below illustrates the level of remuneration that would be received by the Executive Directors in accordance with the Directors' remuneration policy in the year to 3 February 2018.

Each bar gives an indication of the minimum amount of remuneration payable at target performance and remuneration payable at maximum performance to each Director under the policy. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration and variable remuneration.



The scenarios in the above graphs are defined as follows:

	Minimum	On target performance	Maximum performance
Fixed Elements of Remuneration	• The base salary is the salary as at 1 April 2017 • The benefits are taken as those in the single figure table on page 92 • The pension contribution for Brian Small		
Annual Bonus (1)	0%	50%	100%
Long Term Incentive Plan (2)	0%	25%	150% to 200%

1. The maximum annual bonus has been based on the usual maximum award of 100% of salary.

2. The above graphs assume that the new LTIP is adopted at the 2017 AGM. On target performance is 25% of salary. Maximum performance is 150% of salary in the case of Brian Small and 200% of salary in the case of Peter Cowgill. One third of the award would be earned in the year to 3 February 2018 subject to the performance conditions being met and the rules of the scheme.

Directors' Remuneration Report (continued)

Annual Report on Remuneration

Single Total Figure Table (Audited)

	Salary £000	Benefits £000	Pension £000	Bonus £000	LTIP £000	Total £000
Peter Cowgill						
2017	**756**	**2**	**-**	**1,516**	**488**	**2,762**
2016	744	2	-	1,494	488	2,728
Brian Small (2)						
2017	**264**	**21**	**32**	**396**	**128**	**841**
2016	264	19	26	312	127	748
Andrew Leslie						
2017	**49**	**-**	**-**	**-**	**-**	**49**
2016	44	-	-	-	-	44
Martin Davies						
2017	**49**	**-**	**-**	**-**	**-**	**49**
2016	44	-	-	-	-	44
Heather Jackson (3)						
2017	**49**	**-**	**-**	**-**	**-**	**49**
2016	34	-	-	-	-	34
Andy Rubin (4)						
2017	**-**	**-**	**-**	**-**	**-**	**-**
2016	-	-	-	-	-	-

1. Salary reviews effective 1 April annually

2. In accordance with the remuneration policy £32,000 (2016: £26,000) of the pension contribution shown above for Brian Small has been paid as a cash amount

3. Heather Jackson was appointed as a Non-Executive Director on 6 May 2015

4. Andy Rubin was appointed as a Non-Executive Director on 12 February 2016 but does not receive a salary from JD Sports Fashion Plc for this role

The taxable benefit received by Peter Cowgill is healthcare insurance and the taxable benefits received by Brian Small are car benefits and healthcare insurance.

Pension contributions are:
- Peter Cowgill – 0% of salary
- Brian Small - 12% of salary

2014 – 2017 LTIP (Audited)
An LTIP was approved by shareholders at the 2014 AGM ('2014 LTIP') and consisted of one award made in 2014 that would pay out in cash after three years, subject to continued employment and meeting three annual performance targets which would drive the creation of shareholder value. The delivery mechanism was cash rather than shares, given the current shareholder structure, the lack of a large free float and taking into account that the Company does not operate a share scheme. All payments would be non-pensionable.

The following table outlines the total structure of the three year 2014 LTIP:

	Performance to 28 January 2017 £000
P Cowgill	1,464
B Small	383
	1,847

The 2014 LTIP will be paid out in full in 2017 following satisfaction of the performance conditions under that plan. No further awards can be made under the 2014 LTIP.

Directors’ Remuneration Report (continued)

The target for the period 2016 / 2017 was £86.2m threshold earnings with a maximum payment being achieved where earnings of £94.8m are achieved with straight line vesting in-between. Threshold earnings are the consolidated earnings on a normalised basis (pre-exceptional and goodwill) as represented in the audited accounts for the period. In the interests of commercial confidence the targets for subsequent years (based on threshold earnings) will be disclosed one year in arrears.

Statement of Directors’ Shareholding (Audited)

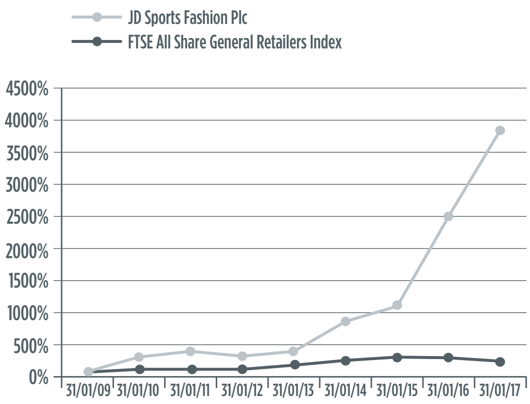
The interests of the Directors who held office at 28 January 2017 and their connected persons in the Company’s ordinary shares are shown below:

	Ordinary shares of 0.25p each	
	28 January 2017	**30 January 2016**
P Cowgill	**8,380,260**	8,305,260
B Small	**504,000**	479,000
	8,884,260	**8,784,260**

There has been no change in the interests of the Directors or their connected persons between 28 January 2017 and the date of this report. The holdings stated above are held directly by the Directors and their connected persons and are not subject to any performance targets. The Directors have no other interests in Company shares. As stated in the Directors' remuneration policy, the Company does not have a minimum share ownership requirement for Directors. Given our narrow shareholder base, the Committee considers it impractical to set realistic shareholding targets.

Total Shareholder Return (Unaudited)

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 eight 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 2009 by taking the percentage change of the market price over the relevant period, re-investing any dividends at the ex-dividend rate.

Executive Chairman’s Remuneration Over Past 5 years (Audited)

The total remuneration figures for the Executive Chairman during each of the last 5 financial years are shown in the table below. The total remuneration figure includes the annual bonus based on that year’s performance and LTIP awards based on three year performance periods ending in the relevant financial year. The annual bonus payout and LTIP vesting level as a percentage of the maximum opportunity are also shown for each of these years.

Year ended	January 2013	January 2014	January 2015	January 2016	January 2017
Total remuneration £000	2,045	3,137	1,951	2,728	**2,762**
Annual bonus %	37	100	100	200	**200**
LTIP vesting %	100	n/a	n/a*	n/a*	**100***

- The LTIP performance criteria has been achieved over the full three year period to 28 January 2017 and the award will vest on 30 October 2017.

Percentage Change in Executive Chairman’s Remuneration (Unaudited)

The table below shows the percentage change in the Executive Chairman’s salary, benefits and annual bonus between financial years 30 January 2016 and 28 January 2017 compared to UK Head Office employees in the JD and Size? businesses, being deemed by the Board as the most appropriate comparator group.

	% change
Salary	
Executive Chairman	**1.5**
UK Head Office Employee average*	**3.3**
Benefits	
Executive Chairman	**-**
UK Head Office Employee average*	**-**
Annual Bonus	
Executive Chairman	**200.0**
UK Head Office Employee average*	**3.0**

- Comparator group as defined above. There are circa 1,204 employees within this group.

Directors' Remuneration Report (continued)

Relative Importance of Spend on Pay (Unaudited)

The following table shows the Group's actual spend on pay (for all employees) relative to dividends, tax and retained profits:

	2017	2016	% Change
Staff costs (£'000)	**335,773**	267,994	25.3
Dividends (£'000)	**14,501**	13,820	4.9
Tax (£'000)	**53,788**	31,001	73.5
Retained profits (£'000)	**184,580**	100,630	83.4

Implementation of Directors' Remuneration Policy in 2016 / 17 (Unaudited)

Salaries

Following this year's review, the Committee has determined that salaries for the current year will be revised as follows with effect from 1 April 2017:

	Previous Salary £000	New Salary £000	Percentage Increase	Position Against Comparator Group
P Cowgill	758	**769**	1.5%	Upper Quartile
B Small	264	**268**	1.5%	Lower Quartile

The Comparator Group for these purposes is the FTSE 350 companies.

The salary increases for P Cowgill and B Small are in line with the general salary increase for Head Office employees.

Annual Bonus Performance Targets

Financial Targets 2016/17

Two thirds of the annual bonus is linked to financial targets. The targets in respect of the annual bonus for the financial year to 28 January 2017 were £166 million threshold earnings with a maximum payment being achieved where earnings are £183 million. The Board considers that the targets for the financial year to 3 February 2018 are commercially sensitive and so will be disclosed in the 2018 Annual Report.

Non-Financial 2016/17

These targets focused on the following key strategic areas:

- Strategic development and growth of JD in the UK
- International development of the JD brand
- The strategic future plan and profitability for the Outdoor businesses
- People development, recruitment and succession planning across the JD Group

Consideration by Directors of Matters Relating to Directors' Remuneration (Unaudited)

The Committee comprises three independent Non-Executive Directors, being Andrew Leslie, Martin Davies and Heather Jackson. Andrew Leslie was appointed as the Chairman of the Committee on 1 October 2013.

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 and Brian Small, the Chief Financial Officer, 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. No such advice was obtained during 2016 / 17.

The Committee is formally constituted with written Terms of Reference, which are available on the Company's corporate website www.jdplc.com. The Committee engages with 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 twice during the year under review with each member attending all the meetings. Details of attendance at the Committee meetings are set out on page 81.

Directors' Remuneration Report (continued)

Statement of Voting at General Meeting (Unaudited)

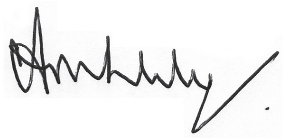
At the 2014 AGM, the approval of the Directors' Remuneration Policy received the following votes from shareholders:

	2014 AGM	%
Votes cast for	37,657,370	95.48
Votes cast against	1,780,858	4.52
Total votes cast	39,438,228	
Votes withheld	-	

At last year's AGM, the Directors' Remuneration Report received the following votes from shareholders:

	2016 AGM	%
Votes cast for	136,999,926	83.06
Votes cast against	27,940,303	16.94
Total votes cast	164,940,229	
Votes withheld	5,858,818	

This report has been prepared on behalf of the Board.



Andrew Leslie
Chairman of the Remuneration Committee
10 April 2017

Financial Statements

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

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 in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

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 judgements and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- 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 Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our 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; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Brian Small
Chief Financial Officer
10 April 2017

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

Opinions and Conclusions Arising from our Audit

1. Our Opinion on the Financial Statements is Unmodified

We have audited the financial statements of JD Sports Fashion Plc for the 52 week period ended 28 January 2017 set out on pages 103 to 171. 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 28 January 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- 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.

2. Our Assessment of Risks of Material Misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows:

Goodwill and Fascia Names - £176.4m (2016: £64.8m). Risk vs 2016: ▼

Refer to page 82 (Audit Committee Report), pages 128 to 129 (accounting policy) and pages 128 to 131 (financial disclosures)

- The risk – There is a risk of impairment of the group's significant goodwill and fascia name balances due to challenging trading conditions in certain of the high street retail sectors and locations that the Group operates in. Goodwill and fascia names are reviewed by the directors for impairment using value in use models which require estimates to be made of the present value of future cash flows to be earned/ generated in the related business. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are used as the basis of the assessment of recoverability of all goodwill and fascia names, this is one of the key judgmental areas that our audit concentrated on.
- We regard the risk of impairment of the group's significant goodwill and fascia name balances as having reduced year on year. This is due to impairments which have been taken in previous years, in particular in relation to the Blacks and Millets CGU. Furthermore there has been an improvement in the trading performance of the Outdoor CGUs and continued strong performance of the Sports Fashion CGUs.
- Our response – our procedures included:
  - An assessment of the Group's historical budgeting accuracy in relation to each significant CGU in order to evaluate the Group's ability to achieve forecasts;
  - We agreed the 2017-18 figures used in the discounted cash flow models to board approved budgets having challenged the assumptions inherent within those budgets;
  - We have tested the principles and integrity of the discounted cash flow models used;
  - We challenged the directors' assumptions on revenue, margin and terminal growth by critically analysing their strategy for future growth and undertook our own assessments of future growth potential based on long term growth within the market and historical performance of margin growth within the Group;
  - We assessed the overall consistency of the assumptions and of the inputs, by comparing growth and discount rates applied in the models across each CGU;
  - With the support of our own KPMG valuation specialist we assessed the reasonableness of the discount rates applied to groups of cash generating units; and
  - We performed sensitivity analysis on the key assumptions underlying the cash flow forecasts (predominantly revenue growth, margin growth, and terminal growth) and the discount rates used.
  - We considered the adequacy of the Group's disclosures in respect of impairment testing and whether disclosures about the sensitivity of the outcome of the impairment assessment to changes in the key assumptions reflected the risks inherent in the valuation of goodwill and fascia names.

Valuation of Separately Identifiable Intangible Assets Recognised as Part of the Acquisition of Go Outdoors Topco Limited - £66.7m (2016: £nil) – new risk

Refer to page 82 (Audit Committee Report), pages 126 to 129 (accounting policy) and page 123 (financial disclosures)

- The risk – Included within the fair value of net identifiable assets recognised on acquisition of Go Outdoors Topco Limited are separately identifiable intangible assets of £66.7m. The technique involved in valuing these assets involves a high degree of judgement, with estimates including future sales, discount rates and also royalty relief rates.
- Our response – our procedures included:
  - An inspection of the sale and purchase agreement, with the assistance of both our forensic and taxation specialists, in order to identify key terms of the transaction and the how they may impact the accounting treatment;

Independent Auditor's Report to the Members of JD Sports Fashion Plc only (continued)

- An assessment of the work prepared by the Group which was informed by an external valuation specialist, engaged by the entity, who advised on the methodology and assumptions used to identify and value the separately identifiable intangible assets;
- An examination and challenge of the key judgements adopted in preparing the underlying forecasts, such as the forecast revenues and cash flows, used to value the separately identifiable intangible assets;
- With the assistance of our internal valuation specialists, evaluating the valuation methodologies used as well as assessing both the royalty relief rate and discount rate against externally benchmarked data;
- Performing sensitivity analysis relating to the valuation of intangible assets, specifically around the royalty rate and discount rate; and
- We considered the adequacy of the financial statement disclosures in respect of critical accounting estimates and judgements relating to intangible assets recognised on acquisitions.

Carrying Value of Inventories – £348.0m (2016: £238.3m). Risk vs 2016: ◀ ▶
Refer to page 82 (Audit Committee Report), page 136 (accounting policy) and page 136 (financial disclosures)

- The risk over the carrying value of inventories is considered a significant audit risk due to the seasonal nature of the Group's core retail business, the changing desirability of branded products over time and the judgement therefore made in assessing the recoverability of its carrying value. The inventory balance has increased by £109.7m due to organic growth within existing fascias coupled with the effect of newly acquired entities.
- We regard this risk as having remained at the same level year on year. Although revenues and profits have increased, there remains an inherent level of uncertainty over inventory valuation given its nature and the reliance on future sales prices.
- Our response – Our procedures included:
  - Testing the principles and integrity of the obsolescence provision calculations used across the Group principally by performing our own assessments in relation to key assumptions within the model such as the proportion of current inventory expected to become aged in the future and average proceeds received for aged inventory;
  - We assessed the overall consistency of the application of the policy, by evaluating against prior periods, coupled with an assessment of the assumptions used and inventory sold below cost during the year. We formed our own expectation of the inventory provision by analysing inventory disaggregated by season, and forming an expectation based on stock not bought in the last 6 months, and stock that would not be sold within the next 12 months based on historical sales rates; and
  - We considered the adequacy of the financial statement disclosures in respect of gross inventory and inventory provisioning. In relation to inventory acquired as part of business acquisitions, we challenged management's assessment of the fair value and performed sensitivity analysis with respect to historic gross margin percentages as well as expected costs to sell.

3. Our Application of Materiality and an Overview of the Scope of our Audit

The materiality of the Group financial statements as a whole was set at £10.0 million *(2016: £7.0 million)*, determined with reference to a benchmark of Group profit before tax, of which it represents 4.2%. In 2016 materiality was determined with reference to a benchmark of Group operating profit, normalised to exclude that year's exceptional items, of which it represented 4.5%.

We report to the Audit Committee any corrected and uncorrected misstatements exceeding £0.5 million (2016: £0.3m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 40 (2016: 33) reporting components, we subjected 5 (2016: 4) to audits for group reporting purposes and 1 (2016: Nil) to specified risk-focused audit procedures covering the specific risk areas including those identified in this report. The latter was not individually financially significant enough to require an audit for group reporting purposes, but did present specific individual risks that needed to be addressed.

Independent Auditor's Report to the Members of JD Sports Fashion Plc only (continued)

The components within the scope of our work accounted for the following percentages of the Group's results:

	Number of components	Group revenue %	Group profit and losses before tax %	Group total assets and liabilities %
Audits for Group reporting purposes[1]	5	77	83	86
Specified risk-focused audit procedures[2]	1	3	3	1
Total	**6**	**80**	**86**	**87**
Total 2015/16	4	79	83	88

(1) In the UK, France, and Spain.
(2) In the Netherlands.

The remaining 20% (2016: 21%) of total group revenue, 14% (2016: 17%) of group profit and losses before tax and 13% (2016: 14%) of total group assets is represented by 34 reporting components (2016: 29), none of which individually represented more than 3.5% of any of total group revenue, group profit before tax or total group assets. For these remaining components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £1.0m to £7.2m (2016: £1.5m to £6.2m), having regard to the mix of size and risk profile of the Group across the components. The work on 4 of the 6 components (2016: 2 of the 4 components) was performed by component auditors and the rest by the Group team.

The Group team visited 4 (2016: Nil) component locations in the UK, Spain, France, and the Netherlands, including to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

4. Our Opinion on Other Matters Prescribed by the Companies Act 2006 is Unmodified

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports and in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

5. We Have Nothing to Report on the Disclosure of Principal Risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' viability statement on page 79 concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the 3 years to 2020;

  or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6. We Have Nothing to Report in Respect of the Matters on Which We Are Required to Report by Exception

Under International Standards of Auditing (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the section of the Corporate Governance Statement describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

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; or

Independent Auditor's Report to the Members of JD Sports Fashion Plc only (continued)

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 79, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 80 to 84 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and Responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 98, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Mick Davies (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants,
1 St. Peter's Square,
Manchester, M2 3AE
10 April 2017

Consolidated Income Statement

For the 52 weeks ended 28 January 2017

	Note	52 weeks to 28 January 2017	52 weeks to 28 January 2017	52 weeks to 30 January 2016	52 weeks to 30 January 2016
		£000	**£000**	£000	£000
Revenue			**2,378,694**		1,821,652
Cost of sales			**(1,215,053)**		(937,431)
Gross profit			**1,163,641**		884,221
Selling and distribution expenses			**(812,972)**		(648,333)
Administrative expenses - normal		**(106,272)**		(78,228)	
Administrative expenses - exceptional	4	**(6,419)**		(25,496)	
Administrative expenses			**(112,691)**		(103,724)
Other operating income			**1,815**		1,242
Operating profit			**239,793**		133,406
Before exceptional items			**246,212**		158,902
Exceptional items	4		**(6,419)**		(25,496)
Operating profit			**239,793**		133,406
Financial income	7		**767**		388
Financial expenses	8		**(2,192)**		(2,163)
Profit before tax	3		**238,368**		131,631
Income tax expense	9		**(53,788)**		(31,001)
Profit for the period			**184,580**		100,630
Attributable to equity holders of the parent			**178,914**		97,634
Attributable to non-controlling interest			**5,666**		2,996
Basic earnings per ordinary share	10		**18.38p**		10.03p
Diluted earnings per ordinary share	10		**18.38p**		10.03p

Statement of Comprehensive Income

For the 52 weeks ended 28 January 2017

	52 weeks to 28 January 2017	52 weeks to 30 January 2016
	£000	£000
Profit for the period	**184,580**	100,630
Other comprehensive income:		
Items that may be classified subsequently to the Consolidated Income Statement:		
Exchange differences on translation of foreign operations	**22,551**	4,144
Total other comprehensive income for the period	**22,551**	4,144
Total comprehensive income and expense for the period (net of income tax)	**207,131**	104,774
Attributable to equity holders of the parent	**197,761**	101,828
Attributable to non-controlling interest	**9,370**	2,946

Statement of Financial Position

As at 28 January 2017

	Note	As at 28 January 2017 £000	As at 30 January 2016 £000
Assets			
Intangible assets	12	190,902	73,611
Property, plant and equipment	13	235,762	173,317
Other assets	14	38,103	33,191
Deferred tax assets	22	-	482
Total non-current assets		464,767	280,601
Inventories	15	348,007	238,324
Trade and other receivables	16	118,602	56,375
Cash and cash equivalents	17	247,560	215,996
Total current assets		714,169	510,695
Total assets		1,178,936	791,296
Liabilities			
Interest-bearing loans and borrowings	18	(31,431)	(6,301)
Trade and other payables	20	(469,062)	(324,964)
Provisions	21	(1,015)	(1,132)
Income tax liabilities		(33,648)	(15,757)
Total current liabilities		(535,156)	(348,154)
Interest-bearing loans and borrowings	18	(2,529)	(274)
Other payables	20	(53,179)	(40,834)
Provisions	21	(1,038)	(1,209)
Deferred tax liabilities	22	(8,192)	-
Total non-current liabilities		(64,938)	(42,317)
Total liabilities		(600,094)	(390,471)
Total assets less total liabilities		578,842	400,825
Capital and reserves			
Issued ordinary share capital	23	2,433	2,433
Share premium		11,659	11,659
Retained earnings		543,268	378,898
Other reserves		(5,110)	(10,570)
Total equity attributable to equity holders of the parent		552,250	382,420
Non-controlling interest	24	26,592	18,405
Total equity		578,842	400,825

These financial statements were approved by the Board of Directors on 10 April 2017 and were signed on its behalf by:

Brian Small
Director
Registered number: 1888425

Consolidated Statement of Changes in Equity

For the 52 weeks ended 28 January 2017

	Ordinary share capital	Share premium	Retained earnings	Treasury reserve	Other equity	Foreign currency translation reserve	**Total equity attributable to equity holders of the parent**	Non-controlling interest	**Total equity**
	£000	£000	£000	£000	£000	£000	**£000**	£000	**£000**
Balance at 31 January 2015	2,433	11,659	297,161	-	(3,073)	(11,691)	**296,489**	13,502	**309,991**
Profit for the period	-	-	97,634	-	-	-	**97,634**	2,996	**100,630**
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	4,194	**4,194**	(50)	**4,144**
Total other comprehensive income	-	-	-	-	-	4,194	**4,194**	(50)	**4,144**
Total comprehensive income for the period	-	-	97,634	-	-	4,194	**101,828**	2,946	**104,774**
Dividends to equity holders	-	-	(13,820)	-	-	-	**(13,820)**	(120)	**(13,940)**
Acquisition of non-controlling interest	-	-	(2,077)	-	-	-	**(2,077)**	2,077	**-**
Balance at 30 January 2016	2,433	11,659	378,898	-	(3,073)	(7,497)	**382,420**	18,405	**400,825**
Profit for the period	-	-	178,914	-	-	-	**178,914**	5,666	**184,580**
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	18,847	**18,847**	3,704	**22,551**
Total other comprehensive income	-	-	-	-	-	18,847	**18,847**	3,704	**22,551**
Total comprehensive income for the period	-	-	178,914	-	-	18,847	**197,761**	9,370	**207,131**
Repurchase of share capital held as Treasury Shares				(15,926)			**(15,926)**	-	**(15,926)**
Dividends to equity holders	-	-	(14,501)	-	-	-	**(14,501)**	(656)	**(15,157)**
Put options held by non-controlling interests	-	-	(2,180)	-	2,539	-	**359**	-	**359**
Acquisition of non-controlling interest	-	-	2,052	-	-	-	**2,052**	(2,052)	**-**
Divestment of non-controlling interest	-	-	85	-	-	-	**85**	(85)	**-**
Non-controlling interest arising on acquisition	-	-	-	-	-	-	**-**	1,610	**1,610**
Balance at 28 January 2017	**2,433**	**11,659**	**543,268**	**(15,926)**	**(534)**	**11,350**	**552,250**	**26,592**	**578,842**

Consolidated Statement of Cash Flows

For the 52 weeks ended 28 January 2017

	Note	**52 weeks to 28 January 2017 £000**	52 weeks to 30 January 2016 £000
Cash flows from operating activities			
Profit for the period		**184,580**	100,630
Income tax expense	9	**53,788**	31,001
Financial expenses	8	**2,192**	2,163
Financial income	7	**(767)**	(388)
Depreciation and amortisation of non-current assets	3	**62,370**	48,778
Forex (gains) / losses on monetary assets and liabilities		**(5,371)**	7,997
Loss on disposal of non-current assets		**320**	-
Termination of IT project		**-**	14,896
Impairment of intangible fixed assets		**6,419**	10,600
Increase in inventories		**(21,240)**	(13,304)
(Increase) / decrease in trade and other receivables		**(4,594)**	47
Increase in trade and other payables		**43,895**	55,738
Interest paid		**(2,192)**	(2,163)
Income taxes paid		**(40,139)**	(29,981)
Net cash from operating activities		**279,261**	226,014
Cash flows from investing activities			
Interest received		**767**	388
Proceeds from sale of non-current assets		**2,431**	1,145
Investment in bespoke software development	12	**(3,843)**	(4,401)
Acquisition of property, plant and equipment	13	**(77,229)**	(72,765)
Acquisition of non-current other assets	14	**(6,886)**	(6,343)
Acquisition of subsidiaries, net of cash acquired		**(138,568)**	-
Net cash used in investing activities		**(223,328)**	(81,976)
Cash flows from financing activities			
Repayment of interest-bearing loans and borrowings		**(3,133)**	(191)
Repayment of finance lease liabilities		**(148)**	(30)
Draw down of finance lease liabilities		**-**	75
Repayment of syndicated bank facility		**-**	(31,000)
Subsidiary shares repurchased and held as Treasury Shares		**(14,815)**	-
Equity dividends paid	25	**(14,501)**	(13,820)
Dividends paid to non-controlling interest in subsidiaries		**(656)**	(120)
Net cash used in financing activities		**(33,253)**	(45,086)
Net increase in cash and cash equivalents	28	**22,680**	98,952
Cash and cash equivalents at the beginning of the period	28	**209,859**	115,697
Foreign exchange gains / (losses) on cash and cash equivalents	28	**1,796**	(4,790)
Cash and cash equivalents at the end of the period	28	**234,335**	209,859

Notes to the Consolidated Financial Statements

1. Basis of Preparation

General Information
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 28 January 2017 represent those of the Company and its subsidiaries (together referred to as the 'Group').

The financial statements were authorised for issue by the Board of Directors on 10 April 2017.

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 28 January 2017.

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 and also put and call options held by the non-controlling interests.

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 50 to 51 and pages 57 to 63 respectively. In addition, details of financial instruments and exposures to interest rate, foreign currency, credit and liquidity risks are outlined in note 19.

As 28 January 2017, the Group had net cash balances of £213,600,000 (2016: £209,421,000) with available committed borrowing facilities of £215,000,000 (2016: £215,000,000) of which £nil (2016: £nil) has been drawn down (see note 18). With a facility of £215,000,000 available, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation the Group has 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.

Alternative Performance Measures
The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. Further information can be found in the Glossary on page 176.

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

- Annual Improvements to IFRSs - 2012 – 2014 Cycle
- Amendments to IAS 1 'Disclosure initiative'
- Amendments to IAS 16 and IAS 38 'Clarification of acceptable methods of depreciation and amortisation'
- Amendments to IAS 27 'Equity method in separate financial statements'

Notes to the Consolidated Financial Statements (continued)

1. Basis of Preparation (continued)

IFRS 9 'Financial Instruments' is expected to be applicable after 1 January 2018. If endorsed, this standard will simplify the classification of financial assets for measurement purposes, but it is not anticipated to have a significant impact on the financial statements.

IFRS 16 Leases is effective for periods that commence on or after 1 January 2019 and will significantly affect the presentation of the Group financial statements with all leases apart from short term leases being recognised as on-balance sheet finance leases with a corresponding liability being the present value of lease payments. IFRS 16 is also expected to have a material impact on key components within the Consolidated Income Statement as operating lease rental charges will be replaced with depreciation and finance costs. The Group is currently undertaking an impact assessment of the likely effect on the Group's consolidated results and financial position.

The Group continued to monitor the potential impact of other new standards and interpretations which may be endorsed 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.

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 considered to be the valuation of the intangible assets recognised as part of the acquisition of Go Outdoors Topco Limited (due to the inherent uncertainty involved in the estimation of future sales, discount rates and royalty relief rates), the impairment of goodwill and intangibles (due to the inherent uncertainty involved in forecasting and discounting future cash flows) and inventory (due to the seasonal nature of the Group's retail businesses and the judgement required in assessing the recoverability of its carrying value). These are discussed further below:

I. 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 based on the Board's strategic plans for the intangible asset, the useful economic life of the intangible asset and the selection of a suitable discount rate.

II. Impairment of Goodwill
Goodwill arising on acquisition is allocated to groups of cash-generating units that are expected to benefit from the synergies of the business combination from which goodwill arose. Goodwill is allocated to groups of cash-generating units, being portfolios of stores or individual businesses. The cash-generating units used to monitor goodwill and test it for impairment are therefore the store portfolios and individual businesses rather than individual stores, as the cash flows of individual stores are not considered to be independent. The recoverable amount is the higher of the value in use and the fair value less the costs to sell. 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 12 for further disclosure on impairment of goodwill and review of the key assumptions used.

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, when this method is deemed the most appropriate. Alternatively the carrying value of the brand names has been allocated to a cash-generating unit, along with the relevant goodwill and fascia names, and tested in the value-in-use calculation performed for that cash-generating unit. The recoverable amount of brand licences 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 until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value. Note 12 provides further disclosure on impairment of other intangible assets with definite lives, including review of the key assumptions used.

Notes to the Consolidated Financial Statements (continued)

1. Basis of Preparation (continued)

VI. Impairment of Other Intangible Assets with Indefinite Lives
The Group is required to test whether other intangible assets with an indefinite useful economic life have suffered any impairment. The recoverable amount of these assets is 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. The determination of an indefinite life is an estimate and could be subject to change if market conditions change. Note 12 provides further detail of the judgements made by the Board in determining that the lives of acquired fascia names are indefinite and further disclosure on impairment of other intangible assets with indefinite 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, the quality of the current season buy, market trends and management estimates of future events. The provision requires estimates for shrinkage, the expected future selling price of items and identification of aged and obsolete items.

Other Accounting Estimates and Judgements

I. 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. A cash-generating unit is an individual store. 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.

II. 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.

III. Value of Put Options Held by Non-controlling Interest
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. Upon initial recognition a corresponding entry is made to other equity. For subsequent changes on remeasurement of the liability the corresponding entry is made to the Income Statement.

IV. 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.

Notes to the Consolidated Financial Statements (continued)

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 operating and reportable segments under IFRS 8 are therefore as follows:

- Sports Fashion – includes the results of JD Sports Fashion Plc, John David Sports Fashion (Ireland) Limited, Spodis SA, Champion Sports Ireland, JD Sprinter Holdings 2010 SL (including subsidiary companies), JD Sports Fashion BV, Sports Unlimited Retail BV, JD Sports Fashion Germany GmbH, JD Sports Fashion SRL, JD Sports Fashion Belgium BVBA, JD Sports Fashion Sweden AB, JD Sports Fashion Denmark ApS, JD Sports Fashion SDN BHD,JD Sports Fashion Holdings Aus Pty (including subsidiary companies), Size GmbH, ActivInstinct Limited, JD Gyms Limited, Duffer of St George Limited, Topgrade Sportswear Limited, Kooga Rugby Limited, Focus Brands Limited (including subsidiary companies), Kukri Sports Limited (including global subsidiary companies), Source Lab Limited, R.D. Scott Limited, Tessuti Group Limited (including subsidiary companies), Nicholas Deakins Limited, Cloggs Online Limited, Clothingsites.co.uk Limited, Ark Fashion Limited, 2Squared Agency Limited, 2Squared Retail Limited and Mainline Menswear Limited.
- Outdoor – includes the results of Blacks Outdoor Retail Limited, Tiso Group Limited (including subsidiary companies) and Go Outdoors Topco Limited (including subsidiary companies).

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

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

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

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. Drawdowns from the Group's syndicated borrowing facility of £nil (2016: £nil), a deferred tax liability of £8,192,000 (2016: asset of £482,000) and an income tax liability of £33,648,000 (2016: £15,757,000) 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 Sports Fashion) to other companies in the Group, and intercompany trading between companies in different segments.

Revenue Recognition

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 and this provision is included within accruals. Retail sales are usually in cash, by debit card or by credit card.

Wholesale revenue is recognised when goods are dispatched and the title and the risks and rewards of ownership have passed to the customer. In some instances, goods are sold with a right of return. Where wholesale goods are sold with a right of return, a provision is made to estimate the expected level of returns based on accumulated experience and historical rates. The provision for returns is included within accruals. Wholesale sales are either settled by cash received in advance of the goods being dispatched or made on agreed credit terms.

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 28 January 2017 is shown below:

	Sports Fashion	Outdoor	**Total**
Income statement	£000	£000	**£000**
Revenue	2,180,553	198,141	**2,378,694**
Operating profit before exceptional items	245,056	1,156	**246,212**
Exceptional items	(6,419)	-	**(6,419)**
Operating profit	238,637	1,156	**239,793**
Financial income			**767**
Financial expenses			**(2,192)**
Profit before tax			**238,368**
Income tax expense			**(53,788)**
Profit for the period			**184,580**

	Sports Fashion	Outdoor	Unallocated	Eliminations	**Total**
Total assets and liabilities	£000	£000	£000	£000	**£000**
Total assets	994,547	255,949	-	(71,560)	**1,178,936**
Total liabilities	(463,364)	(166,450)	(41,840)	71,560	**(600,094)**
Total segment net assets / (liabilities)	**531,183**	**89,499**	**(41,840)**	**-**	**578,842**

	Sports Fashion	Outdoor	**Total**
Other segment information	£000	£000	**£000**
Capital expenditure:			
Software development	3,843	-	**3,843**
Property, plant and equipment	72,741	4,488	**77,229**
Non-current other assets	6,886	-	**6,886**
Depreciation, amortisation and impairments:			
Depreciation and amortisation of non-current assets	57,353	5,017	**62,370**
Impairment of intangible assets	6,419	-	**6,419**
Impairment of non-current assets	(698)	705	**7**

Notes to the Consolidated Financial Statements (continued)

2. Segmental Analysis (continued)

The comparative segmental results for the 52 weeks to 30 January 2016 are as follows:

Income statement	Sports Fashion £000	Outdoor £000	**Total £000**
Gross revenue	1,666,477	155,313	**1,821,790**
Intersegment revenue	(138)	-	**(138)**
Revenue	1,666,339	155,313	**1,821,652**
Operating profit / (loss) before exceptional items	162,864	(3,962)	**158,902**
Exceptional items	(21,634)	(3,862)	**(25,496)**
Operating profit / (loss)	141,230	(7,824)	**133,406**
Financial income			**388**
Financial expenses			**(2,163)**
Profit before tax			**131,631**
Income tax expense			**(31,001)**
Profit for the period			**100,630**

Total assets and liabilities	Sports Fashion £000	Outdoor £000	Unallocated £000	Eliminations £000	**Total £000**
Total assets	792,411	82,016	482	(83,613)	791,296
Total liabilities	(336,736)	(121,591)	(15,757)	83,613	(390,471)
Total segment net assets / (liabilities)	**455,675**	**(39,575)**	**(15,275)**	**-**	**400,825**

Other segment information	Sports Fashion £000	Outdoor £000	**Total £000**
Capital expenditure:			
Software development	4,401	-	4,401
Property, plant and equipment	69,025	3,740	72,765
Non-current other assets	6,343	-	6,343
Depreciation, amortisation and impairments:			
Depreciation and amortisation of non-current assets	45,326	3,452	48,778
Impairment of intangible assets	6,739	3,861	10,600
Termination of IT project	14,896	-	14,896
Impairment of non-current assets	843	584	1,427

Notes to the Consolidated Financial Statements (continued)

2. Segmental Analysis (continued)

Geographical Information

The Group's operations are located in the UK, Republic of Ireland, France, Spain, Germany, the Netherlands, Italy, Portugal, Sweden, Denmark, Belgium, Malaysia, Australia, New Zealand, Canada, Dubai, Singapore and Hong Kong.

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

Revenue	**52 weeks to 28 January 2017 £000**	52 weeks to 30 January 2016 £000
UK	**1,655,537**	1,407,866
Europe	**656,858**	391,954
Rest of world	**66,299**	21,832
	2,378,694	1,821,652

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

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

Non-current assets	**2017 £000**	2016 £000
UK	**284,655**	183,623
Europe	**163,316**	96,437
Rest of world	**16,796**	541
	464,767	280,601

Notes to the Consolidated Financial Statements (continued)

3. Profit Before Tax

	52 weeks to 28 January 2017	52 weeks to 30 January 2016
	£000	£000
Profit before tax is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements (KPMG LLP)	**118**	115
Amounts receivable by the Company's auditor (KPMG LLP) and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**647**	345
Audit-related assurance services	**34**	33
Taxation compliance services	**9**	-
Other tax advisory services	**68**	40
Depreciation and amortisation of non-current assets:		
Depreciation of property, plant and equipment	**51,110**	37,310
Amortisation of intangible assets	**7,980**	9,304
Amortisation of non-current other assets - owned	**3,280**	2,164
Impairments of non-current assets:		
Property, plant and equipment	**284**	1,382
Intangible assets	**6,419**	10,600
Other non-current assets	**-**	45
Loss on disposal of non-current assets	**320**	-
Rentals payable under non-cancellable operating leases for:		
Land and buildings - non-contingent rentals payable	**149,253**	118,717
Land and buildings - contingent rentals payable	**14,359**	10,071
Other - plant and equipment	**3,224**	3,102
Foreign exchange loss recognised	**-**	6,300
Movement in the fair value of forward contracts	**60**	7,849
Profit before tax is stated after crediting:		
Rents receivable and other income from property	**626**	566
Sundry income	**1,189**	676
Reversal of impairments of other non current assets	**277**	-
Reverse premia	**2,135**	2,505
Foreign exchange gain recognised	**3,467**	-

In addition, fees of £65,000 (2016: £76,000) were incurred and paid by Pentland Group Plc (see Company note C22) 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, legal fees and lease premia associated with the acquisition of leasehold interests (see Note 14).

Notes to the Consolidated Financial Statements (continued)

4. Exceptional Items

Items that are, in aggregate, material in size and / or 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 where significant or non-recurring which will be included as exceptional items are:

- Profit / (loss) 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 goodwill, brand names and fascia names
- Impairment of investment property
- Profit / (loss) on disposal of subsidiary undertakings
- Negative goodwill
- Business restructuring and business closure related costs
- (Gains) / losses arising on changes in ownership interest where control has been obtained
- Fair value adjustments to put option liabilities

	Note	**52 weeks to 28 January 2017**	52 weeks to 30 January 2016
		£000	£000
Impairment of goodwill, brand names and fascia names (1)	12	**6,419**	10,600
Termination of project to replace core IT systems (2)		**-**	14,896
Administrative expenses - exceptional		**6,419**	25,496

(1) The charge in the period to 28 January 2017 relates to the non-cash impairment of the fascia name balance arising in prior years on the acquisition of ActivInstinct Limited, the fascia name arising in the year on the acquisition of Aspecto Holdings Limited and Infinities Retail Group Holdings Limited and the impairment of the goodwill arising in the year on the acquisition of 2Squared Agency Limited. The charge in the period to 30 January 2016 relates to the non-cash impairment of the goodwill arising in prior years on the acquisition of ActivInstinct Limited, a partial impairment of the Blacks fascia name and the impairment of other goodwill and fascia name balances which were not significant.

(2) One off exceptional charge in the period to 30 January 2016 writing off costs incurred on a terminated IT project.

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

Notes to the Consolidated Financial Statements (continued)

5. Remuneration of Directors

The remuneration of the Executive Directors includes provision for future LTIP payments of £615,000 (2016: £615,000). Further information on Directors' emoluments is shown in the Directors' Remuneration Report on page 85.

In the opinion of the Board, the key management as defined under revised IAS 24 'Related Party Disclosures' are the six Executive and Non-Executive Directors (2016: five). During the year there was one (2016: one) director within the defined contribution pension scheme. Full disclosure of the Directors' remuneration is given in the Directors' Remuneration Report on page 92.

	52 weeks to 28 January 2017 £000	52 weeks to 30 January 2016 £000
Directors' emoluments:		
As Non-Executive Directors	**147**	122
As Executive Directors	**3,571**	3,450
Pension contributions	**32**	26
	3,750	3,598

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:

	2017	2016
Sales and distribution	**24,850**	18,284
Administration	**976**	749
	25,826	19,033
Full time equivalents	**16,218**	12,602

The aggregate payroll costs of these persons were as follows:

	52 weeks to 28 January 2017 £000	52 weeks to 30 January 2016 £000
Wages and salaries	**301,137**	241,536
Social security costs	**29,881**	23,341
Other pension costs (see note 27)	**4,755**	3,117
	335,773	267,994

Notes to the Consolidated Financial Statements (continued)

7. Financial Income

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

	52 weeks to 28 January 2017	52 weeks to 30 January 2016
	£000	£000
Bank interest	649	388
Other interest	118	-
Financial income	767	388

8. 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.

	52 weeks to 28 January 2017	52 weeks to 30 January 2016
	£000	£000
On bank loans and overdrafts	1,934	1,908
Amortisation of facility fees	255	230
Interest on obligations under finance leases	3	7
Other interest	-	18
Financial expenses	2,192	2,163

Notes to the Consolidated Financial Statements (continued)

9. Income Tax Expense

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

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.

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.

	52 weeks to 28 January 2017	52 weeks to 30 January 2016
	£000	£000
Current tax		
UK corporation tax at 20% (2016: 20.2%)	**57,909**	32,568
Adjustment relating to prior periods	**(142)**	574
Total current tax charge	**57,767**	33,142
Deferred tax		
Deferred tax (origination and reversal of temporary differences)	**(4,830)**	(2,892)
Adjustment relating to prior periods	**851**	751
Total deferred tax credit	**(3,979)**	(2,141)
Income tax expense	**53,788**	31,001

	52 weeks to 28 January 2017	52 weeks to 30 January 2016
Reconciliation of income tax expense	**£000**	£000
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20.2%)	**47,675**	26,590
Effects of:		
Expenses not deductible	**1,160**	310
Depreciation and impairment of non-qualifying non-current assets (including brand names arising on consolidation)	**2,875**	2,315
Non taxable income	**(411)**	(452)
Loss on disposal of non-qualifying non-current assets	**181**	(116)
Effect of tax rates in foreign jurisdictions	**685**	612
Research and development tax credits and other allowances	**(62)**	(54)
Recognition of previously unrecognised tax losses	**(233)**	(283)
Reduction in tax rate	**708**	262
Change in unrecognised temporary differences	**706**	492
Under provided in prior periods	**709**	1,325
Chargeable gains	**(205)**	-
Income tax expense	**53,788**	31,001

Notes to the Consolidated Financial Statements (continued)

10. Earnings Per Ordinary Share

Basic and Diluted Earnings Per Ordinary Share

The calculation of basic and diluted earnings per ordinary share at 28 January 2017 is based on the profit for the period attributable to equity holders of the parent of £178,914,000 (2016: £97,634,000) and a weighted average number of ordinary shares outstanding during the 52 week period ended 28 January 2017 of 973,233,160 (2016 restated: 973,233,160).

An Ordinary Resolution was passed at the Annual General Meeting, effective 24 November 2016, resulting in a share split whereby five Ordinary shares were issued for each Ordinary share. In accordance with IAS 33, the number of shares outstanding before the event has been adjusted for the proportionate change as if the event had occurred at the beginning of the earliest period presented.

	52 weeks to 28 January 2017	52 weeks to 30 January 2016 (restated)
	Number	Number
Issued ordinary shares at beginning and end of period	**973,233,160**	973,233,160

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.

		52 weeks to 28 January 2017	52 weeks to 30 January 2016 (restated)
	Note	**£000**	£000
Profit for the period attributable to equity holders of the parent		**178,914**	97,634
Exceptional items excluding loss on disposal of non-current assets	4	**6,419**	25,496
Tax relating to exceptional items		**-**	(3,737)
Profit for the period attributable to equity holders of the parent excluding exceptional items		**185,333**	119,393
Adjusted basic and diluted earnings per ordinary share		**19.04p**	12.27p

Notes to the Consolidated Financial Statements (continued)

11. Acquisitions

Business Combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity.

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.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. 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.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the Consolidated Income Statement.

Current Period Acquisitions

Sports Unlimited Retail BV
On 20 March 2016, the Group acquired, via its newly incorporated subsidiary Sports Unlimited Retail BV, the trading assets and trade of the Aktiesport and Perry Sport fascias from the Trustee of Unlimited Sports Group BV which was declared bankrupt by the court of Amsterdam on 23 February 2016. On acquisition there were 187 stores and two trading websites.

The Board believes that the cash consideration of €26.5 million represents the current best estimates of the fair value of the net assets acquired. The provisional goodwill calculation is summarised below:

	Book value	Measurement adjustments	**Provisional fair value at 28 January 2017**
	£000	£000	**£000**
Acquiree's net assets at acquisition date:			
Property, plant and equipment	3,929	-	**3,929**
Inventories	23,330	5,242	**28,572**
Cash and cash equivalents	58	-	**58**
Trade and other payables	(8,364)	(2,135)	**(10,499)**
Provisions	-	(3,107)	**(3,107)**
Net identifiable assets	18,953	-	**18,953**
Goodwill on acquisition			**-**
Consideration paid – satisfied in cash			**18,953**

Included in the 52 week period ended 28 January 2017 is revenue of £81,317,000 and a loss before tax of £7,904,000 in respect of Sports Unlimited Retail BV.

Notes to the Consolidated Financial Statements (continued)

11. Acquisitions (continued)

JD Sports Fashion SDN BHD
On 28 April 2016, the Group acquired via its 50% subsidiary in Malaysia, JD Sports Fashion SDN BHD, 20 multi-brand Sports Fashion stores and a trading website which trade as Sports Empire, Revolution and The Marathon Shop from Runners World SDN BHD. JD Sports Fashion SDN BHD is an entity controlled by the Group and therefore the results and financial position of the entity are consolidated into the financial statements of the Group. The cash consideration payable on this transaction was MYR 20.7 million.

The Board believes that the cash consideration of MYR 20.7 million represents the current best estimates of the fair value of the net assets acquired. The provisional goodwill calculation is summarised below:

	Book value	Measurement adjustments	**Provisional fair value at 28 January 2017**
	£000	£000	**£000**
Acquiree's net assets at acquisition date:			
Intangible assets	823	260	**1,083**
Property, plant and equipment	356	-	**356**
Other non-current assets	249	-	**249**
Inventories	2,018	-	**2,018**
Deferred tax liabilities	-	(260)	**(260)**
Net identifiable assets	3,446	-	**3,446**
Goodwill on acquisition			**-**
Consideration paid - satisfied in cash			**3,446**

Included in the 52 week period ended 28 January 2017 is revenue of £10,176,000 and profit before tax of £486,000 in respect of JD Sports Fashion SDN BHD.

SportIberica Sociedade de Artigos de Desporto, S.A.
On 1 July 2016, the Group acquired, both directly and via its 50.1% owned subsidiary JD Sprinter Holdings 2010 SL, an aggregate of 80% of the issued share capital of Sportiberica Sociedade de Artigos de Desporto S.A ("Sportiberica") for cash consideration of €4.2 million with additional consideration of up to €0.5 million payable if certain criteria are met. At acquisition, management believed that the criteria would be met for the maximum consideration to be payable and therefore management believes that the fair value of the total consideration at this time is €4.7 million.

The Board believes that the excess of cash consideration paid over net identifiable assets on acquisition of £1,422,000 is best considered as goodwill on acquisition representing anticipated future operating synergies. The provisional goodwill calculation is summarised below:

	Book value	Measurement adjustments	**Provisional fair value at 28 January 2017**
	£000	£000	**£000**
Acquiree's net assets at acquisition date:			
Property, plant and equipment	183	-	**183**
Other non current assets	42	-	**42**
Inventories	2,821	-	**2,821**
Cash	679	-	**679**
Trade and other receivables	866	-	**866**
Income tax assets	36	-	**36**
Trade and other payables	(1,540)	-	**(1,540)**
Interest bearing loans and borrowings	(705)	-	**(705)**
Net identifiable assets	2,382	-	**2,382**
Non-controlling interest	(476)	-	**(476)**
Goodwill on acquisition			**1,422**
Consideration paid - satisfied in cash			**2,971**
Contingent consideration			**357**
Total consideration			**3,328**

Included in the 52 week period ended 28 January 2017 is revenue of £6,411,000 and a loss before tax of £1,288,000 in respect of Sportiberica.

Notes to the Consolidated Financial Statements (continued)

11. Acquisitions (continued)

Next Athleisure Pty Limited
On 26 August 2016, the Group acquired, via its newly incorporated subsidiary JD Sports Fashion Holdings Australia Pty, 80% of the issued ordinary share capital of Next Athleisure Pty Limited for consideration of $6.6 million AUD and has also advanced $2.4 million AUD to allow it to settle an element of its indebtedness. Next Athleisure Pty Limited operates 32 stores and a trading website in Australia under the Glue and Superglue retail banners.

The Board believes that the cash consideration of $6.6 million represents the current best estimates of the fair value of the net assets acquired. The provisional goodwill calculation is summarised below:

	Book value	Measurement adjustments	**Provisional fair value at 28 January 2017**
	£000	£000	**£000**
Acquiree's net assets at acquisition date:			
Intangible assets	4,821	2,810	**7,631**
Property, plant and equipment	5,150	599	**5,749**
Other non current assets	2	-	**2**
Inventories	9,428	851	**10,279**
Cash	471	137	**608**
Trade and other receivables	2,683	108	**2,791**
Income tax assets	159	11	**170**
Deferred tax liabilities	1,510	(2,092)	**(582)**
Trade and other payables	(11,903)	(1,093)	**(12,996)**
Interest bearing loans and borrowings	(7,998)	(821)	**(8,819)**
Net identifiable assets	4,323	510	**4,833**
Non-controlling interest	(865)	(102)	**(967)**
Goodwill on acquisition			**-**
Consideration paid - satisfied in cash			**3,420**
Consideration as loan owed to NCI			**446**
Total consideration			**3,866**

Included in the 52 week period ended 28 January 2017 is revenue of £32,017,000 and a loss before tax of £91,000 in respect of Next Athleisure Pty Limited.

Notes to the Consolidated Financial Statements (continued)

11. Acquisitions (continued)

Go Outdoors Topco Limited
On 27 November 2016, the Group acquired 100% of the issued ordinary share capital of Go Outdoors Topco Limited ('Go Outdoors') for consideration of £112,305,000 with the Group assuming net debt of £11,359,000 as part of the transaction. Go Outdoors is a nationwide omnichannel retailer catering for the outdoor enthusiast and specialist alike with 58 stores across the UK at acquisition, the majority of which are situated in out of town retail parks.

Included within the fair value of net identifiable assets on acquisition are intangible assets of £66,729,000; £59,076,000 representing the 'GO Outdoors' fascia name and £7,653,000 of brands.

The Board believes that the excess of cash consideration paid over net identifiable assets on acquisition of £44,434,000 is best considered as goodwill on acquisition representing the strategic benefit of a larger Outdoor operation in the Group. The provisional goodwill calculation is summarised below:

	Book value	Measurement adjustments	**Provisional fair value at 28 January 2017**
	£000	£000	**£000**
Acquiree's net assets at acquisition date:			
Intangible assets	319	66,410	**66,729**
Property, plant and equipment	28,495	(2,518)	**25,977**
Inventories	40,354	-	**40,354**
Cash	8,821	-	**8,821**
Trade and other receivables	7,251	-	**7,251**
Trade and other payables	(48,240)	(573)	**(48,813)**
Income tax liabilities	(897)	-	**(897)**
Deferred tax liabilities	(48)	(11,323)	**(11,371)**
Interest bearing loans and borrowings	(20,180)	-	**(20,180)**
Net identifiable assets	15,875	51,996	**67,871**
Goodwill on acquisition			**44,434**
Consideration paid – satisfied in cash			**112,305**

Included in the 52 week period ended 28 January 2017 is revenue of £34,183,000 and a loss before tax of £93,000 in respect of Go Outdoors.

Aspecto Holdings Limited
On 18 July 2016, the Group, via its new 100% subsidiary Napco 104 Limited acquired 100% of the entire issued share capital of Aspecto Holdings Limited for cash consideration of £1. As at 28 January 2017, the Group had also advanced £900,000 of working capital. The Board believes that the cash consideration of £1 represents the current best estimates of the fair value of the net assets acquired.

On 21 August 2016, the trade and assets (with the exception of certain assets and liabilities) were hived up into Tessuti Limited, a 100% owned subsidiary of JD Sports Fashion Plc.

Infinities Retail Group Limited
On 12 September 2016, the Group, via its new 100% subsidiary Ensco 1157 Limited acquired 100% of the entire issued share capital of Infinities Retail Group Limited for cash consideration of £1. As at 28 January 2017, the Group has also advanced £1,020,000 of working capital. The Board believes that the cash consideration of £1 represents the current best estimates of the fair value of the net assets acquired.

On 31 October 2016, the trade and assets (with the exception of certain assets and liabilities) were hived up into Tessuti Limited, a 100% owned subsidiary of JD Sports Fashion Plc.

Notes to the Consolidated Financial Statements (continued)

11. Acquisitions (continued)

Clothingsites.co.uk Limited
On 26 September 2016, the Group, via its new 100% subsidiary Ensco 1173 Limited acquired 100% of the entire issued share capital of Clothingsites.co.uk Limited for an initial cash consideration of £1. As at 28 January 2017, the Group had also advanced £1,100,000 of working capital. Clothingsites.co.uk Limited currently operates two trading websites, Woodhouse Clothing and Brown Bag Clothing. The Board believes that the excess of cash consideration paid over net identifiable assets on acquisition of £2,443,000 represents the fair value of the 'Woodhouse Clothing' and 'Brown Bag' online fascia names.

Included in the 52 week period ended 28 January 2017 is revenue of £3,811,000 and a loss before tax of £329,000 in respect of Clothingsites.co.uk Limited.

2Squared Agency Limited & 2Squared Retail Limited ('2Squared')
On 30 November 2016, the Group acquired 69% of the issued share capital of 2Squared Agency Limited and 51% of the issued share capital of 2Squared Retail Limited for cash consideration of £512,000. As at 28 January 2017, the Group had also advanced £3,020,000 of working capital to settle outstanding debt. The Board believed that the excess of cash consideration paid over the net identifiable assets on acquisition of £959,000 was best considered as goodwill representing future operating synergies. The goodwill was subsequently impaired during the financial period ended 28 January 2017.

Included in the 52 week period ended 28 January 2017 is revenue of £1,519,000 and a loss before tax of £99,000 in respect of 2Squared.

Other Acquisitions
During the period, the Group has made several small acquisitions, including increasing its shareholding to 100% in three subsidiaries which were previously non-wholly owned. These transactions were not material.

Full Year Impact of Acquisitions
Had the acquisitions of the entities listed above been effected at 31 January 2016, the revenue and profit before tax of the Group for the 52 week period to 28 January 2017 would have been £2,634,888,000 and £236,454,000 respectively.

Acquisition Costs
Acquisition related costs amounting to £1,684,000 (Sports Unlimited Retail BV: £139,000; JD Sports Fashion SDN BHD: £68,000 and SportIberica Sociedade de Artigos de Desporto S.A: £34,000, Next Athleisure Pty Limited: £307,000, Go Outdoors Limited: £1,086,000, Aspecto Holdings Limited: £10,000, Infinities Retail Group Limited: £10,000, Clothingsites.co.uk: £10,000 and 2Squared: £20,000) have been excluded from the consideration transferred and have been recognised as an expense in the year, within administrative expenses in the Consolidated Income Statement.

Prior Period Acquisitions
During the prior period, the Group increased its shareholding in three non-wholly owned subsidiaries. These transaction were not material.

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets

	Goodwill £000	Brand licences £000	Brand names £000	Fascia name £000	Software development £000	Total £000
Cost or valuation						
At 31 January 2015	86,139	11,779	15,343	24,926	11,732	149,919
Additions	-	-	-	-	4,401	4,401
Disposals	-	-	-	-	(9,273)	(9,273)
Exchange differences	(2,195)	-	-	(493)	-	(2,688)
At 30 January 2016	83,944	11,779	15,343	24,433	6,860	142,359
Additions	-	-	-	-	3,843	3,843
Acquisitions	46,869	-	7,653	73,360	-	127,882
Disposals	-	-	(2,400)	-	(3)	(2,403)
Exchange differences	(186)	-	-	152	-	(34)
At 28 January 2017	130,627	11,779	20,596	97,945	10,700	271,647
Amortisation and impairment						
At 31 January 2015	29,713	7,342	7,821	2,307	1,661	48,844
Charge for the period	-	750	3,984	1,000	3,570	9,304
Impairments	6,738	-	-	3,862	-	10,600
At 30 January 2016	36,451	8,092	11,805	7,169	5,231	68,748
Charge for the period	-	750	1,719	2,171	3,340	7,980
Impairments	959	-	-	5,460	-	6,419
Disposals	-	-	(2,400)	-	(2)	(2,402)
At 28 January 2017	37,410	8,842	11,124	14,800	8,569	80,745
Net book value						
At 28 January 2017	**93,217**	**2,937**	**9,472**	**83,145**	**2,131**	**190,902**
At 30 January 2016	47,493	3,687	3,538	17,264	1,629	73,611
At 31 January 2015	56,426	4,437	7,522	22,619	10,071	101,075

Impairment

The impairment in the current period relates to the impairment of the ActivInstinct, Aspecto and Infinities fascia names and the impairment of the goodwill arising in the current year on the acquisition of 2Squared.

Following a weaker than anticipated performance as a result of increased competition in the marketplace and adverse currency movements, the decision was made to transfer the ActivInstinct website and trade into the parent company, JD Sports Fashion Plc, and exit the short term store lease during the financial year ending 28 January 2017. The ActivInstinct online fascia name was being amortised over a three year period until the decision to impair the remaining written down value of £2,635,000.

The impairment in the previous period related to the impairment of the goodwill arising in prior years on the acquisition of ActivInstinct Limited, a partial impairment of the Blacks fascia name and the impairment of several other goodwill and fascia name balances which were not significant.

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets (continued)

Intangibles Assets with Definite Lives

Brand Licences
Brand licences are stated at cost less accumulated amortisation and impairment losses. Amortisation of brand licences is charged to the Consolidated Income Statement within cost of sales over the term to the licence expiry on a straight line basis.

Brand licences are tested annually for impairment by comparing the recoverable amount to their carrying value. Impairment losses are recognised in the Consolidated Income Statement.

The recoverable amount of brand licences 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 relevant cash-generating unit until the licence expiry date and the choice of a suitable discount rate in order to calculate the present value.

The Group's brand licences and the key assumptions used in the value-in-use calculations, is as follows:

			Basic information			Impairment model assumptions used				
			Cost	**Net Book Value 2017**	Net Book Value 2016	Short term growth rate (1)	Long term growth rate (2)		Pre Tax Discount rate (3) 2017	Pre Tax Discount rate (3) 2016
	Segment	Terms	£000	**£000**	£000	%	%	Margin rate	%	%
Fila	Sports Fashion	10 year licence from January 2011 for exclusive use of the brand in the UK and Republic of Ireland	7,500	**2,937**	3,687	2.0%	2.0%	Gross margins over the remaining licence period are assumed to be consistent with approved budget levels for the period ending January 18	11.3%	12.9%
Sergio	Sports Fashion	Sub-licence to use the brand in the UK	4,279	**-**	-	N/A	N/A	The licence was fully written down in the period ended January 2015	N/A - fully written down	N/A - fully written down
			11,779	**2,937**	3,687					

(1) The short term growth rate is the Board approved compound annual growth rate in sales for the first two year period following the January 2018 financial year currently underway

(2) The long term growth rate is the rate used thereafter until the end of the licence period

(3) The discount rate applied is pre-tax and reflects current market assessments of the time value of money and risks specific to the assets, for which future cash flow estimates have not been adjusted. This discount rate is considered to be equivalent to the rate a market participant would use

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets (continued)

Brand Names
Brand names acquired as part of a business combination are stated at fair value as at the acquisition date less accumulated amortisation and impairment losses. Brand names separately acquired are stated at cost less accumulated amortisation and impairment losses. The useful economic life of each purchased brand name is considered to be finite.

Brand names are all amortised over a period of 10 years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement. Brand names are tested annually for impairment by comparing the recoverable amount to their carrying value.

The recoverable amount of brand names is determined based on a 'royalty relief' method of valuation. This 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, when this method is deemed the most appropriate. This method involves calculating a net present value for each brand by discounting the projected future royalties expected over the remaining useful life of each brand. The future royalties are estimated by applying a suitable royalty rate to the sales forecast. Alternatively the carrying value of the brand names has been allocated to a cash-generating unit, along with the relevant goodwill and fascia names, and tested in the value-in-use calculation performed for that cash-generating unit (see below). Impairment losses are recognised in the Consolidated Income Statement.

The Group's brand names and the key assumptions used in 'royalty relief' method of valuation, is as follows:

			Basic information			Impairment model assumptions used			
	Segment	Date of acquisition	Cost £000	**Net Book Value 2017 £000**	Net Book Value 2016 £000	Short term growth rate (1) %	Long term growth rate (2) %	Pre Tax Discount rate (3) 2017 %	Pre Tax Discount rate (3) 2016 %
Royalty relief model used to test the following brands:									
Duffer of St George	Sports Fashion	24 November 2009	2,071	**455**	684	2.0%	2.0%	11.3%	12.9%
Hi-Gear	Outdoor	27 November 2016	6,050	**5,945**	-	3.0%	3.0%	16.4%	-
North Ridge	Outdoor	27 November 2016	822	**807**	-	3.0%	3.0%	16.4%	-
Freedom Trail	Outdoor	27 November 2016	781	**767**	-	3.0%	3.0%	16.4%	-
Brands included within the intangible asset models (as below):									
Nanny State	Sports Fashion	4 August 2010	350	**-**	160				
Peter Storm	Outdoor	9 January 2012	2,250	**1,135**	1,359				
Eurohike	Outdoor	9 January 2012	750	**363**	438				
Brands with nil net book value at period end:									
Kooga	Sports Fashion	3 July 2009	452	**-**	-				
Sonneti	Sports Fashion	26 April 2010	1,520	**-**	684				
Chilli Pepper	Sports Fashion	18 June 2010	190	**-**	-				
Kukri	Sports Fashion	7 February 2011	720	**-**	-				
Fenchurch	Sports Fashion	17 March 2011	1,100	**-**	-				
Peter Werth	Sports Fashion	26 May 2011	400	**-**	213				
Henleys	Sports Fashion	4 May 2012	2,632	**-**	-				
One True Saxon	Sports Fashion	13 September 2012	50	**-**	-				
Fly 53	Sports Fashion	2 February 2013	458	**-**	-				
			20,596	**9,472**	3,538				

(1) The short term growth rate is the Board approved annual growth rate in sales for the first two year period following the January 2018 financial year currently underway

(2) The long term growth rate is the rate used thereafter until the end of the useful life remaining

(3) The discount rate applied is pre-tax and reflects current market assessments of the time value of money and risks specific to the assets, for which future cash flow estimates have not been adjusted. This discount rate is considered to be equivalent to the rate a market participant would use

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets (continued)

Software Development
Software developments costs (including website development costs) are capitalised as Intangible Assets if the technical and commercial feasibility of the project has been demonstrated, the future economic benefits are probable, the Group has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred. Software development costs are stated at historic cost, less accumulated amortisation.

Software development costs are all amortised over a period of two to seven years and the amortisation charge is included within administrative expenses in the Consolidated Income Statement.

Intangibles Assets with Indefinite Lives

Fascia Name
Separately identifiable fascia names acquired are stated at fair value as at the acquisition date less accumulated impairment losses. The initial fair value is determined by using a 'royalty relief' method of valuation. This 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, when this method is deemed the most appropriate. This method involves calculating a net present value for each fascia name by discounting the projected future royalties expected using an indefinite useful economic life for each fascia. The future royalties are estimated by applying a suitable royalty rate to the sales forecast.

Store fascia names are not being amortised as management currently consider these assets to have indefinite useful economic life. Online fascia names are considered to have a finite useful economic life due to increased competition in the marketplace as a result of reduced barriers to entry. The online fascia names are amortised over a useful economic life of three years.

All fascia names are subject to an impairment review on an annual basis or more frequently if there is an indicator that the fascia name is impaired. 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. Impairment losses are recognised in the Consolidated Income Statement.

As the remaining Champion stores are being converted to the JD fascia it was determined that this now indicates that the Champion fascia name has a finite useful life and should be amortised in line with the conversion programme. The change in the useful life assessment from indefinite to finite in the previous period was accounted for as a change in the accounting estimate in accordance with IAS 8. The fascia name had been fully amortised in the period ended 30 January 2016.

Factors considered by the Board in determining that the useful life of the fascia names are indefinite for all store fascia names (with the exception of Champion):

- The strength of the respective fascia names in the relevant sector and geographic region where the fascia is located
- The history of the fascia names and that of similar assets in the relevant retail sectors
- The commitment of the Group to continue to operate these stores separately for the foreseeable future, including the ongoing investment in new stores and refurbishments

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets (continued)

Goodwill
Goodwill represents amounts arising on acquisition of subsidiaries.

Method 1: 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.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit / loss on disposal.

Method 2: 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. 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.

Method 3: 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 groups of cash-generating units and is tested annually for impairment and whenever there is an indication that the goodwill may be impaired. The cash-generating units used are individual stores and the groups of cash-generating units are either the store portfolios or individual businesses acquired. The recoverable amount is compared to the carrying amount of the cash-generating units including goodwill.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The carrying amount of goodwill and fascia name by cash-generating units, along with the key assumptions used in the value-in-use calculation is set out on the following pages:

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets (continued)

		Basic financial information						Impairment model assumptions used				
	Segment	Goodwill 2017	Fascia name 2017	Total intangible 2017	Goodwill 2016	Fascia name 2016	Total intangible 2016	Short term growth rate (1)	Long term growth rate (2)	Margin rate	Pre Tax Discount rate (3) 2017	Pre Tax Discount rate (3) 2016
		£000	£000	£000	£000	£000	£000	%	%		%	%
First Sport store portfolio	Sports Fashion	14,976	-	14,976	14,976	-	14,976	1.0%	1.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	7.7%	9.7%
Champion store portfolio	Sports Fashion	10,203	-	10,203	9,757	-	9,757	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	8.9%	10.9%
Sprinter store portfolio	Sports Fashion	5,727	3,797	9,524	5,528	3,644	9,172	2.0%	2.0%	Gross margins are assumed to be broadly consistent with recent historic and approved budget levels	12.2%	13.8%
ActivInstinct online	Sports Fashion	-	-	-	-	3,524	3,524	-	-	ActivInstinct has been fully im-paired during the financial period ended 28 January 2017	-	15.9%
Blacks/Millets store portfolio (4)	Outdoor	-	5,000	5,000	-	5,000	5,000	3.0%	3.0%	Gross margins are assumed to improve by 2.0% in the short term to reflect increase proportion of own brand sales budget and better purchasing	13.2%	15.3%
Tiso store portfolio	Outdoor	3,280	2,700	5,980	3,280	2,700	5,980	3.3%	2.5%	Gross margins are assumed to improve by 2.0% in the short term to reflect focused strategy regarding stock and merchandising	13.4%	15.4%
Mainline Menswear Limited	Sports Fashion	7,363	843	8,206	7,363	843	8,206	3.0%	1.0%	Gross margins are assumed to improve by 1.5% in the short term to reflect implementation of enhanced group terms and focused strategy regarding stock and merchandising	10.8%	13.5%
Next Athleisure Pty Limited	Sports Fashion	-	7,632	7,632	-	-	-	2.0%	2.0%	Acquired during the financial period ended 28 January 2017	11.7%	-
Go Outdoors	Outdoor	44,434	59,076	103,510	-	-	-	3.0%	3.0%	Acquired during the financial period ended 28 January 2017	15.2%	-
Other	Sports Fashion	7,234	4,097	11,331	6,589	1,553	8,142	1.0% - 7.9%	1.0% - 2.0%	A range of gross margin assumptions, from broadly consistent with approved budget levels to improvements of up to 1% in the short term to reflect implementation of enhanced group terms and focused strategy regarding stock and merchandising	7.7% - 12.6%	9.7% - 12.9%
		93,217	**83,145**	**176,362**	47,493	17,264	64,757					

(1) The short term growth rate is the Board approved compound annual growth rate for the four year period following the January 2018 financial year currently underway

(2) The long term growth rate is the rate used thereafter, which is an estimate of the growth based on past experience within the Group taking account of economic growth forecast for the relevant industries

(3) The discount rate applied is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual cash-generating unit. These discount rates are considered to be equivalent to the rates a market participant would use

(4) The impairment model prepared for Blacks and Millets, in addition to covering the fascia names, has also been used to support the net book value of the Peter Storm and Eurohike brand names, which are exclusively sold through the Blacks and Millets store portfolio

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets (continued)

The cash flow projections used in the value-in-use calculations are all 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.

Sensitivity Analysis
A sensitivity analysis has been performed on the base case assumptions of margin growth used for assessing the goodwill and other intangibles.

With regards to the assessment of value-in-use of all cash-generating units, with the exceptions of those listed below, 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.

For the Blacks and Millets cash-generating unit, significant changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount. However, the following sensitivities were performed and did not result in impairment:

- Reduce the assumed store gross margin rate % growth in the first five year period of 2% to 1%, assuming the business would be unable to reduce selling and distribution and administrative costs. All other assumptions remain unchanged.
- The business not achieving the assumed online gross margin rate % growth in the first five year period of 2.3%, assuming the business would be unable to reduce selling and distribution and administrative costs. All other assumptions remain unchanged.
- Increasing the pre-tax discount rate by 1%. All other assumptions remain unchanged.
- Reducing the long term growth rate by 1%. All other assumptions remain unchanged.

For the Tiso cash-generating unit, significant changes in key assumptions could cause the carrying value of the unit to exceed its recoverable amount. The following sensitivities were performed:

- Reduce the assumed store and online gross margin rate % growth in the first five year period of 2% to 1%, assuming the business would be unable to reduce selling and distribution and administrative costs. Assuming all other assumptions remain unchanged, this would lead to an impairment of £1,240,000.
- Increasing the pre-tax discount rate by 1% would lead to an impairment of £1,180,000. All other assumptions remain unchanged.
- Reducing the long term growth rate by 1% would lead to an impairment of £650,000. All other assumptions remain unchanged.

The Board has considered the possibility of each of these businesses achieving less revenue and gross profit % than forecast. Whilst any 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.

Notes to the Consolidated Financial Statements (continued)

13. Property, Plant and Equipment

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.

Legal fees and other costs associated with the acquisition of a leasehold interest are capitalised within non-current other assets (see note 14). These costs are amortised over the life of the lease.

Rental income from operating leases where the Group is the lessor is recognised on a straight-line basis over the term of the relevant lease.

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
• Warehouse	15 years on a straight line basis
• Long leasehold and freehold 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

Notes to the Consolidated Financial Statements (continued)

13. Property, Plant and Equipment (continued)

	Freehold land, long leasehold & freehold properties £000	Improvements to short leasehold properties £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost						
At 31 January 2015	12,674	19,050	38,643	220,463	315	291,145
Additions	4,511	5,481	4,827	57,911	35	72,765
Disposals	-	(1,587)	(3,060)	(8,159)	(100)	(12,906)
Reclassifications	-	-	6	(6)	-	-
Exchange differences	-	(157)	(540)	(9,170)	(15)	(9,882)
At 30 January 2016	17,185	22,787	39,876	261,039	235	341,122
Additions	1	5,306	7,142	64,679	101	77,229
Disposals	(1)	(1,844)	(1,614)	(14,954)	(98)	(18,511)
Reclassifications	-	-	46	(272)	-	(226)
Acquisitions	-	17,790	4,033	15,478	84	37,385
Exchange differences	-	151	234	3,891	-	4,276
At 28 January 2017	17,185	44,190	49,717	329,861	322	441,275
Depreciation and impairment						
At 31 January 2015	491	11,146	22,322	109,176	76	143,211
Charge for the period	189	1,966	8,594	26,482	79	37,310
Disposals	-	(1,532)	(393)	(7,297)	(80)	(9,302)
Reclassifications	-	-	11	(11)	-	-
Impairments	-	74	35	1,273	-	1,382
Exchange differences	-	(67)	(349)	(4,374)	(6)	(4,796)
At 30 January 2016	680	11,587	30,220	125,249	69	167,805
Charge for the period	189	4,604	9,967	36,260	90	51,110
Disposals	-	(772)	(1,537)	(13,208)	(75)	(15,592)
Reclassifications	-	4	11	(15)	-	-
Impairments	-	56	168	60	-	284
Exchange differences	-	34	132	1,740	-	1,906
At 28 January 2017	869	15,513	38,961	150,086	84	205,513
Net book value						
At 28 January 2017	**16,316**	**28,677**	**10,756**	**179,775**	**238**	**235,762**
At 30 January 2016	16,505	11,200	9,656	135,790	166	173,317
At 31 January 2015	12,183	7,904	16,321	111,287	239	147,934

Impairment charges of £284,000 (2016: £1,382,000) 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 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.

Included within the charge for the period is accelerated depreciation of £9,400,000 following a review of the useful economic life of certain items of property, plant and equipment and assets capitalised.

Notes to the Consolidated Financial Statements (continued)

13. Property, Plant and Equipment (continued)

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. Contingent rentals payable based on store revenues are accrued in line with the related sales and are charged as expenses in the period to which they relate. The value of any lease incentives is recognised as deferred income and credited to the Consolidated Income Statement against rentals payable on a straight line basis over the life of the lease.

The carrying amount of the Group’s property, plant and equipment includes an amount of £1,068,000 (2016: £122,000) in respect of assets held under finance leases. The depreciation charge on those motor vehicles for the current period was £610,000 (2016: £36,000).

Notes to the Consolidated Financial Statements (continued)

14. Non-current Other Assets

Key Money
Monies paid in certain countries to give access to retail locations are capitalised within non-current assets. Key money is stated at historic cost less impairment losses. These assets are not depreciated as past experience has shown that the key money is fully recoverable on disposal of a retail location and is deemed to have an indefinite useful economic life 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.

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.

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.

Lease Premia
Money paid in certain countries specifically to landlords or tenants as an incentive to exit an existing lease commonly referred to as compensation for early termination, to enable acquisition of that lease. These payments are capitalised within other non-current assets and amortised over the life of the lease.

	Key Money £000	Deposits £000	Legal Fees £000	Lease Premia £000	Total £000
Cost					
At 31 January 2015	13,791	3,852	12,716	8,655	39,014
Additions	1,105	3,764	1,210	264	6,343
Disposals	(23)	(222)	(422)	(525)	(1,192)
Reclassifications	-	(31)	31	-	-
Exchange differences	(1,531)	(581)	(43)	(380)	(2,535)
At 30 January 2016	13,342	6,782	13,492	8,014	41,630
Additions	1,633	3,367	1,671	215	6,886
Disposals	(112)	(185)	(545)	-	(842)
On acquisition	-	250	43	-	293
Reclassifications	226	-	-	-	226
Exchange differences	526	303	13	116	958
At 28 January 2017	15,615	10,517	14,674	8,345	49,151
Depreciation and Impairment					
At 31 January 2015	758	62	5,693	99	6,612
Charge for period	-	-	1,243	921	2,164
Disposals	-	-	(263)	-	(263)
Reclassifications	-	-	(185)	185	-
Impairments	45	-	-	-	45
Exchange differences	(60)	-	(13)	(46)	(119)
At 30 January 2016	743	62	6,475	1,159	8,439
Charge for period	-	-	2,346	934	3,280
Disposals	-	-	(445)	-	(445)
Impairments	(277)	-	-	-	(277)
Exchange differences	22	-	3	26	51
At 28 January 2017	488	62	8,379	2,119	11,048
Net book value					
At 28 January 2017	**15,127**	**10,455**	**6,295**	**6,226**	**38,103**
At 30 January 2016	12,599	6,720	7,017	6,855	33,191
At 31 January 2015	13,033	3,790	7,023	8,556	32,402

Notes to the Consolidated Financial Statements (continued)

15. 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.

	2017 £000	2016 £000
Finished goods and goods for resale	348,007	238,324

The cost of inventories recognised as expenses and included in cost of sales for the 52 weeks ended 28 January 2017 was £1,215,053,000 (2016: £937,431,000).

The Group has £25,611,000 (2016: £28,430,000) of stock provisions at the end of the period.

Cost of inventories includes a net charge of £4,500,000 (2016: £7,800,000) in relation to net provisions recognised against inventories.

16. Trade and Other 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.

	2017 £000	2016 £000
Current assets		
Trade receivables	22,677	14,592
Other receivables	50,398	11,297
Prepayments and accrued income	45,527	30,486
	118,602	56,375

The ageing of trade receivables is detailed below:

	2017			2016		
	Gross	Provision	Net	Gross	Provision	Net
	£000	£000	£000	£000	£000	£000
Not past due	15,727	(16)	15,711	8,447	(3)	8,444
Past due 0 - 30 days	4,835	(267)	4,568	3,776	(31)	3,745
Past due 30 - 60 days	2,104	(182)	1,922	1,477	(175)	1,302
Past 60 days	1,126	(650)	476	1,777	(676)	1,101
	23,792	(1,115)	22,677	15,477	(885)	14,592

Notes to the Consolidated Financial Statements (continued)

16. Trade and Other Receivables (continued)

Analysis of gross trade receivables is shown below:

	2017 £000	2016 £000
Not past due or impaired	**15,711**	8,444
Past due but not impaired	**6,966**	6,148
Impaired	**1,115**	885
	23,792	15,477

The ageing of the impaired trade receivables is detailed below:

	2017 £000	2016 £000
Not past due	**16**	3
Past due 0 - 30 days	**267**	31
Past due 30 - 60 days	**182**	175
Past 60 days	**650**	676
	1,115	885

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 wide 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:

	£000
At 31 January 2015	1,109
Created	437
Released	(7)
Utilised	(642)
Exchange differences	(12)
At 30 January 2016	885
Created	281
Released	(43)
Utilised	(11)
Exchange differences	3
At 28 January 2017	**1,115**

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

Notes to the Consolidated Financial Statements (continued)

17. 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.

	2017 £000	2016 £000
Bank balances and cash floats	**247,560**	215,996

18. Interest-bearing Loans and Borrowings

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.

	2017 £000	2016 £000
Current liabilities		
Finance lease liabilities	**503**	44
Bank loans and overdrafts	**30,565**	6,191
Other loans	**363**	66
	31,431	6,301
Non-current liabilities		
Finance lease liabilities	**461**	64
Bank loans	**1,776**	-
Other loans	**292**	210
	2,529	274

The following provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 19.

Bank Facilities
As at 28 January 2017, the Group has a syndicated committed £215,000,000 bank facility which expires on 11 October 2019.

Under this facility, a maximum of 10 drawdowns can be outstanding at any time with drawdowns made for a period of one, two, three or six months with interest currently payable at a rate of LIBOR plus a margin of 1.10% (2016: 1.10%). The arrangement fee payable on the amended facility is 0.5% on £60,000,000 of the commitment and 0.25% on £155,000,000 of the commitment. The commitment fee on the undrawn element of the facility is 35% of the applicable margin rate.

This facility encompasses cross guarantees between the Company, RD Scott Limited, Topgrade Sportswear Limited, Blacks Outdoor Retail Limited, Tessuti Limited and Focus International Limited.

At 28 January 2017, £nil was drawn down on this facility (2016: £nil).

Notes to the Consolidated Financial Statements (continued)

18. Interest-bearing Loans and Borrowings (continued)

Bank Loans and Overdrafts
The following Group companies have overdraft facilities which are repayable on demand:

- ActivInstinct Limited £300,000 (2016: £300,000)
- Champion Sports Ireland €nil (2016: €3,000,000)
- Cloggs Online Limited £500,000 (2016: £500,000)
- Go Outdoors Limited £5,000,000 (acquired in the current period)
- Kukri Sports Limited and Kukri GB Limited £1,000,000 (2016: £1,000,000)
- Next Athleisure Pty Limited $12,000,000 (acquired in the current period)
- Source Lab Limited £350,000 (2016: £350,000)
- Spodis SA €5,000,000 (2016: €5,000,000)
- Sportibérica Sociedade de Artigos de Desporto, S.A. €2,157,500 (acquired in the current period)
- Sprinter Megacentros Del Deporte SLU €7,100,000 (2016: €6,600,000)
- Tiso Group £5,000,000 (2016: £5,030,000)

As at 28 January 2017, these overdraft facilities were drawn down by £13,225,000 (2016: £6,136,000).

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

	2017 £000	2016 £000
Within one year	30,565	6,191
Between one and five years	1,776	-
	32,341	6,191

Other Loans
The acquisition of Tessuti Group Limited included a freehold property with a mortgage balance remaining of £508,000 at the time of acquisition. The loan was repayable over 10 years and attracted interest at 2.99% over base. The mortgage was repaid during the financial period ended 28 January 2017.

The acquisition of Go Outdoors Topco Limited included term loans with balances remaining of £731,000 at the time of acquisition. The term loans are repayable over 36 months and attract interest at 4.9% - 6.2%. As at 28 January 2017, 13 to 21 months are remaining.

The maturity of the other loans is as follows:

	2017 £000	2016 £000
Within one year	363	66
Between one and five years	292	210
	655	276

Finance Leases
As at 28 January 2017, the Group's liabilities under finance leases are analysed as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2017 £000	2016 £000	2017 £000	2016 £000
Amounts payable under finance leases:				
Within one year	539	48	503	44
Later than one year and not later than five years	479	72	461	64
	1,018	120	964	108

The fair value of the Group's lease obligations approximate to their present value. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

Notes to the Consolidated Financial Statements (continued)

19. 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.

Financial Assets
The Group's financial assets are all categorised as loans and receivables with the exception of derivative assets. 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' and 'Cash and cash equivalents' 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 and EURIBOR.

The currency profile of cash and cash equivalents is shown below:

	2017 £000	2016 £000
Bank balances and cash floats	247,560	215,996
Sterling	159,094	136,459
Euros	75,619	67,245
US Dollars	5,084	7,981
Australian Dollars	4,227	611
New Zealand Dollars	196	588
Swedish Krona	280	792
Danish Krone	1,292	791
Other	1,768	1,529
	247,560	215,996

Financial Liabilities
The Group's financial liabilities are all categorised as other financial liabilities. Other financial liabilities, with the exception of foreign exchange forward contracts and put option 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:

	2017 £000	2016 £000
Interest-bearing loans and borrowings	33,960	6,575
Sterling	25,741	6,500
Euros	718	53
Australian Dollars	7,073	4
New Zealand Dollars	9	18
Other	419	-
	33,960	6,575

Notes to the Consolidated Financial Statements (continued)

19. 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 28 January 2017.

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. Interest rate hedging has not been put in place on the current 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 the inherent short term nature of both the revolving credit facility and working capital facility. This position is reviewed regularly, along with the level of facility required.

The Group has potential bank floating rate financial liabilities on the £215,000,000 committed bank facility, together with overdraft facilities in subsidiary companies (see note 18). At 28 January 2017 £nil was drawn down from the committed bank facility (2016: £nil). When drawdowns are made, the Group is exposed to cash flow interest risk with interest paid at a rate of LIBOR plus a margin of 1.10% (2016: 1.10%).

As at 28 January 2017 the Group has liabilities of £964,000 (2016: £108,000), 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 £108,000 (2016: £610,000) and would change equity by £108,000 (2016: £610,000). The calculation is based on any floating interest rate loans and borrowings drawn down at the period end date. This includes the Group's committed bank facility, Tiso Group Limited's overdraft, Next Athleisure Limited's overdraft and Go Outdoors Limited's bank loans. Calculations are performed on the same basis as the prior year and assume that all other variables remain unchanged.

Foreign Currency Risk

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.

Notes to the Consolidated Financial Statements (continued)

19. Financial Instruments (continued)

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.

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.

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 actually starts to appear in the stores) 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 28 January 2017, options have been entered into to protect approximately 92% of the US Dollar requirement for the period to January 2018. The balance of the US Dollar requirement for the period will be satisfied at spot rates.

As at 28 January 2017, the fair value of these instruments was a liability of £3,303,000 (2016: liability of £4,344,000) and these are all classified as due within one year. A loss of £4,405,000 (2016: loss of £4,344,000) has been recognised in cost of sales within the Consolidated Income Statement for the change in fair value of these instruments.

We have considered the credit risk of the Group's and counterparty's credit risk and this is not expected to have a material effect on the valuation of these options.

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	
Impact of 10% strengthening of sterling	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Euros	**4,862**	4,147	**13,069**	10,937
US Dollars	**400**	615	**400**	615
Australian Dollars	**262**	28	**718**	55
Other	**124**	82	**31**	(55)
	5,648	4,872	**14,218**	11,552

Notes to the Consolidated Financial Statements (continued)

19. Financial Instruments (continued)

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	
Impact of 10% weakening of sterling	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Euros	**5,942**	5,068	**16,327**	13,534
US Dollars	**488**	752	**488**	752
Australian Dollars	**320**	35	**878**	67
Other	**153**	94	**(40)**	(73)
	6,903	5,949	**17,653**	14,280

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

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 16). 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 £118,602,000 (2016: £56,375,000) and cash and cash equivalents of £247,560,000 (2016: £215,996,000).

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 18.

As at 28 January 2017, there are committed facilities with a maturity profile as follows:

	2017 £000	2016 £000
Expiring in more than two years but no more than three years	**215,000**	-
Expiring in more than three years but no more than four years	**-**	215,000
	215,000	215,000

The commitment fee on these facilities is 0.35% (2016: 0.35%).

Notes to the Consolidated Financial Statements (continued)

19. Financial Instruments (continued)

Fair Values
The fair values together with the carrying amounts shown in the Statement of Financial Position as at 28 January 2017 are as follows:

	Note	Carrying amount 2017 £000	Fair value 2017 £000
Trade and other receivables	16	73,075	73,075
Cash and cash equivalents	17	247,560	247,560
Interest-bearing loans and borrowings - current	18	(31,431)	(31,431)
Interest-bearing loans and borrowings - non-current	18	(2,529)	(1,995)
Trade and other payables - current		(399,345)	(399,345)
Trade and other payables - non-current		(7,455)	(6,368)
		(120,125)	(118,504)
Unrecognised gains			1,621

The comparatives at 30 January 2016 are as follows:

	Note	Carrying amount 2016 £000	Fair value 2016 £000
Trade and other receivables	16	25,889	25,889
Cash and cash equivalents	17	215,996	215,996
Interest-bearing loans and borrowings - current	18	(6,301)	(6,301)
Interest-bearing loans and borrowings - non-current	18	(274)	(189)
Trade and other payables - current		(275,910)	(275,910)
Trade and other payables - non-current		(4,890)	(4,282)
		(45,490)	(44,797)
Unrecognised gains			693

In the opinion of the Board, the fair value of the Group's current financial assets and liabilities as at 28 January 2017 and 30 January 2016 are not considered to be materially different to that of the book value. On this basis, the fair value hierarchy reflects the carrying values. In respect of the Group's non-current financial assets and liabilities as at 28 January 2017 and 30 January 2016, the fair value has been calculated using a pre-tax discount rate of 10.7% (2016: 12.3%) which reflects the current market assessments of the time value of money and the specific risks applicable to the liability.

Estimation of Fair Values
For trade and other receivables/payables, the notional amount is deemed to reflect the fair value.

Notes to the Consolidated Financial Statements (continued)

19. Financial Instruments (continued)

Fair Value Hierarchy
As at 28 January 2017, 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 28 January 2017	Carrying amount £000	Level 1 £000	Level 2 £000	Level 3 £000
Loans and receivables				
Deposits	**10,455**	-	10,455	-
Trade and other receivables	**71,146**	-	71,146	-
Cash and cash equivalents	**247,560**	-	247,560	-
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**1,929**	-	1,929	-
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(5,232)**	-	(5,232)	-
Other financial liabilities				
Interest-bearing loans and borrowings - current	**(31,431)**	-	(31,431)	-
Interest-bearing loans and borrowings - non-current	**(2,529)**	-	(2,529)	-
Trade and other payables - current	**(394,113)**	-	(394,113)	-
Trade and other payables - non-current	**(4,011)**	-	(4,011)	-
Put options held by non-controlling interests	**(3,444)**	-	(3,444)	-

Notes to the Consolidated Financial Statements (continued)

20. Trade and Other Payables

Trade and Other Payables
Trade and other payables are non-interest-bearing and are stated at their cost. Volume related rebates or other contributions from suppliers are recognised in the Consolidated Financial Statements when it is contractually agreed with the supplier and can be reliably measured. All significant rebates and contributions are agreed with suppliers retrospectively and after the end of the relevant supplier's financial year.

Reverse Premia
Reverse premia represent monies received by the Group on assignment of property leases. Reverse premia are amortised over the life of the remaining lease.

	2017 £000	2016 £000
Current liabilities		
Trade payables	**165,003**	122,638
Other payables and accrued expenses	**245,548**	160,613
Other tax and social security costs	**58,511**	41,713
	469,062	324,964
Non-current liabilities		
Other payables and accrued expenses	**53,179**	40,834

Put and Call Options
Put options held by non-controlling interests are accounted for using the present access method. The Group recognises put options held by 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 of put options a corresponding entry is made to other equity, and for subsequent changes on remeasurement of the liability the corresponding entry is made to the Income Statement.

Call options held by the Group are also accounted for using the present access method. The Group recognises call 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 of call options a corresponding entry is made to the Income Statement.

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 28 January 2017 and is included within non-current other payables and accrued expenses.

The present value of the estimated exercise price is calculated using the option price formula agreed on acquisition. All existing option price formulas are based on a profit measure, which is estimated by applying an approved growth assumption to the current budget profit for the January 2018 financial year, if appropriate for the individual business the put or call option directly relates to. A discount rate is also applied to the option price which is pre-tax and reflects the current market assessments of the time value of money and any specific risk premiums relevant to the individual businesses involved. These discount rates are considered to be equivalent to the rates a market participant would use.

	Put Options					Call Option	
	Source Lab Limited £000	Tessuti Group Limited £000	JD Germany GmbH £000	Tiso Group Limited £000	Total Put Options £000	Sportiberica £000	Total Put and Call Options £000
Put and call options							
At 30 January 2016	149	2,360	119	632	**3,260**	-	**3,260**
Increase/ (decrease) in the present value of the existing option liability	97	(2,360)	1,192	-	**(1,071)**	1,255	**184**
At 28 January 2017	**246**	**-**	**1,311**	**632**	**2,189**	**1,255**	**3,444**

Notes to the Consolidated Financial Statements (continued)

20. Trade and Other Payables (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability At 28 January 2017 £000	Recognised as a liability At 30 January 2016 £000
Source Lab Limited	Put and call option, whereby JD Sports Fashion Plc may acquire or be required to acquire (in stages) the remaining 15% of the issued share capital of Source Lab Limited.	Exercisable by either party after the third anniversary of the completion of the initial transaction, during the 30 day period commencing on the date on which the statutory accounts of Source Lab Limited for the relevant financial year have been approved by the board of directors.	The option price is calculated based on a multiple of the audited profit before distributions, interest, amortisation and exceptional items but after taxation for the relevant financial year prior to the exercise date.	The option price shall not exceed £12,450,000.	**246**	149
Tessuti Group Limited	Put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire (in stages) the remaining 40% of the issued share capital of Tessuti Group Limited. The option was exercised during the financial period ended 28 January 2017. The put option liability was reduced by the consideration paid to exercise the option. The residual put option liability was removed along with the equity element with the remainder being recognised in the Consolidated Income Statement.	Exercisable by either party after the fifth anniversary of the completion of the initial transaction, during the 30 day period commencing on the date on which the statutory accounts of Tessuti Group Limited for the relevant financial year have been approved by the board of directors (exercise period).	The option price is calculated based on a multiple of the audited consolidated profit before distributions, interest, amortisation and exceptional items but after taxation for Tessuti Group Limited (which includes its subsidiary undertakings) for the relevant financial year prior to the exercise date.	The option price shall not exceed £12,000,000.	**-**	2,360
Cloggs Online Limited	Put and call options, whereby JD Sports Fashion Plc may acquire or be required to acquire the remaining 6% of the issued share capital of Cloggs Online Limited.	The put option is exercisable between the period starting on the date on which the statutory accounts for the financial year ending in 2016 have been approved by the board of directors of the Company until one month after the date on which the statutory accounts of the Company for the financial period ending in 2018 have been approved by the board of directors of the Company. Two months after the put options cease to be exercisable the call options become exercisable.	The option price is calculated based on a multiple of the average audited profit before distributions, amortisation and exceptional items but after taxation for the relevant two financial years prior to the exercise date.	The put option price shall not exceed £3,000,000 and the call option shall not exceed £5,000,000.	**-**	-
JD Germany GmbH	Put option whereby JD Sports Fashion Plc may be required to acquire all or some of the remaining 15% of the issued share capital of JD Germany GmbH, including earn out shares.	The put option is exercisable after a period of five years from the completion date during the 30 days following approval of the shareholders meeting of the audited annual accounts of the Company for the relevant financial year.	The option price is calculated based on a multiple of the average earnings before tax for the relevant two financial years prior to the exercise date.	The put option price shall not exceed €20,000,000.	**1,311**	119
Tiso Group Limited	First put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 20% of the issued share capital of Tiso Group Limited. Second put and call option whereby JD Sports Fashion Plc may acquire or be required to acquire 40% (or the remaining 20%) of the issued share capital of Tiso Group Limited.	First call option is exercisable 90 days beginning 30 days after the consolidated accounts of the Company for the financial period ending 28 January 2017 are signed. The first put option is exercisable 60 days following the end of the first call option. The second call option is exercisable 90 days beginning 30 days after the consolidated accounts of the Company for the financial period ending 3 February 2018 are signed. The first put option is exercisable 60 days following the end of the second call option.	The option price is calculated based on a multiple of the average operating profit for the financial period ending 28 January 2017 and the prior year for the first put and call option and year ending 3 February 2018 and the prior year for the second put and call option.	The option price shall not exceed £8,000,000 or 25p per share.	**632**	632

Notes to the Consolidated Financial Statements (continued)

20. Trade and Other Payables (continued)

Company	Options in existence	Exercise periods	Methodology	Maximum price	Recognised as a liability At 28 January 2017 £000	Recognised as a liability At 30 January 2016 £000
Sportibérica Sociedade de Artigos de Desporto, S.A	Call option whereby JD Sports Fashion Plc may acquire 20% of the issued share capital of Sportiberica Sociedade de Artigos de Desporto, S.A	The call option is exercisable 3 months after the approval by the Shareholders General Meeting of the annual audited accounts of the period ending 2 February 2019, 1 February 2020 or 30 January 2021.	The option price is calculated based on a multiple of earnings before interest, tax, depreciation and amortisation for the relevant financial period plus a % of post completion cash.	The minimum option price is €6,000,000; €6,100,000 and €6,200,000 for the financial period ending 2 February 2019; 1 February 2020 and 30 January 2021 respectively. The maximum option price is €11,000,000; €12,000,000 and €13,000,000 for the financial period ending 2 February 2019; 1 February 2020 and 30 January 2021 respectively	**1,255**	-
					3,444	3,260

21. 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 and for stores where there is a probable risk of the store returning to the Group under privity of contract, a provision is made to the extent that the lease is deemed to be onerous.

Within the onerous contracts provision, management have provided against the minimum contractual cost for the remaining term on non-cancellable sponsorship contracts. For contracts where there is probable risk that the costs to fulfil the terms of the contract are higher than the income received, a provision is made to the extent that the contract is deemed onerous.

The provisions are discounted where the effect is material. The pre-tax discount rate used is 10.7% (2016: 12.3%) which reflects the current market assessments of the time value of money and the specific risks applicable to the liability.

Notes to the Consolidated Financial Statements (continued)

21. Provisions (continued)

	Onerous property leases £000	Onerous contracts £000	**Total £000**
Balance at 30 January 2016	2,341	-	2,341
Provisions created during the period	-	323	323
Provisions released during the period	(91)	-	(91)
Provisions utilised during the period	(921)	-	(921)
Provisions acquired on acquisition	401	-	401
Balance at 28 January 2017	**1,730**	**323**	**2,053**

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

	2017 £000	2016 £000
Current	**1,015**	1,132
Non-current (within five years)	**1,038**	1,209
	2,053	2,341

22. Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	Assets 2016 £000	**Liabilities 2017 £000**	Liabilities 2016 £000	**Net 2017 £000**	Net 2016 £000
Property, plant and equipment	**(2,279)**	(1,717)	**-**	-	**(2,279)**	(1,717)
Chargeable gains held over / rolled over	**-**	-	**-**	225	**-**	225
Fascia name	**-**	-	**15,923**	2,531	**15,923**	2,531
Other	**(3,560)**	(1,122)	**-**	-	**(3,560)**	(1,122)
Tax losses	**(1,892)**	(399)	**-**	-	**(1,892)**	(399)
Tax (assets) / liabilities	**(7,731)**	(3,238)	**15,923**	2,756	**8,192**	(482)

Deferred tax assets on losses of £379,000 (2016: £391,000) within Focus Brands Limited (and its subsidiaries); £4,136,000 (2016: £4,136,000) within Kooga Rugby Limited; £666,000 (2016: £666,000) within Blacks Outdoor Retail Limited; £nil (2016: £723,000) within Champion Sports Ireland; £3,229,000 (2016: £3,114,000) within Champion Retail Limited; £978,000 (2016: £1,000,000) within Tessuti Group Limited (and its subsidiaries); £2,251,000 (2016: £2,251,000) within Ark Fashion Limited, £393,000 (2016: £523,000) within Kukri Sports Limited (and its subsidiaries); £3,032,000 within Tiso Group Limited (and its subsidiaries) and £3,753,000 (2016: N/A) within Clothingsites.co.uk Limited have not been recognised as there is uncertainty over the utilisation of these losses. None of the losses are subject to expiration.

Notes to the Consolidated Financial Statements (continued)

22. Deferred Tax Assets and Liabilities (continued)

Movement in Deferred Tax During the Period

	Property, plant and equipment £000	Chargeable gains held over/ rolled over £000	Fascia name £000	Other £000	Tax losses £000	**Total £000**
Balance at 31 January 2015	(314)	237	3,130	(670)	(579)	**1,804**
Recognised in income	(1,401)	(12)	(475)	(425)	172	**(2,141)**
Foreign exchange movements	(2)	-	(124)	(27)	8	**(145)**
Balance at 30 January 2016	(1,717)	225	2,531	(1,122)	(399)	**(482)**
Recognised on acquisition	(197)	-	14,308	(1,488)	-	**12,623**
Recognised in income	(343)	(225)	(954)	(964)	(1,493)	**(3,979)**
Foreign exchange movements	(22)	-	38	14	-	**30**
Balance at 28 January 2017	**(2,279)**	**-**	**15,923**	**(3,560)**	**(1,892)**	8,192

As at 28 January 2017, the Group has no recognised deferred income tax liability (2016: £nil) in respect of taxes that would be payable on the unremitted earnings of certain overseas subsidiaries. As at 28 January 2017, the unrecognised gross temporary differences in respect of overseas subsidiaries is £51,684,000 (2016: £32,088,000). 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.

The UK corporation tax rate has been 20% since 1 April 2015. The rate will reduce to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020. This will reduce the group's future current tax charge accordingly. The deferred tax liability at 28 January 2017 has been calculated based on a rate of 17% as this is the prevailing rate at which the group expects the deferred tax liability to reverse.

Notes to the Consolidated Financial Statements (continued)

23. Capital and Reserves

Issued Ordinary Share Capital
An Ordinary Resolution was passed at the Annual General Meeting, effective 24 November 2016, resulting in a share split whereby five Ordinary shares were issued for each Ordinary share. In accordance with IAS 33, the number of shares outstanding before the event has been adjusted for the proportionate change as if the event had occurred at the beginning of the earliest period presented.

The total number of authorised ordinary shares was 1,243,000,000 (2016: restated 1,243,000,000) with a par value of 0.25p per share (2016: restated 0.25p 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 processes for managing the Group's capital levels are that the Board regularly monitors the net cash / debt in the business, the working capital requirements and forecast cash flows. Based on this analysis, the Board determines the appropriate return to equity holders while ensuring sufficient capital is retained in the business to meet its strategic objectives.

The Board consider the capital of the Group as the net cash / debt at the year end (see note 28) and the Board review the gearing position of the Group which as at 28 January 2017 was less than zero (2016: 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 77.

	Number of ordinary shares thousands	Ordinary share capital £000
At 30 January 2016 and 28 January 2017	973,233	2,433

Treasury Reserve
The reserve for the Group's treasury shares comprises the cost of the shares of a subsidiary, JD Sprinter Holdings 2010 SL, held by the Group. At 28 January 2017, the Group held 24.95% of the shares of JD Sprinter Holdings 2010 SL (2016: nil).

Foreign Currency Translation Reserve
The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Notes to the Consolidated Financial Statements (continued)

24. Non-controlling Interests

The following disclosure provides summarised financial information for investments that have non-controlling interests. Non-controlling interest is initially measured at the proportionate interest in identifiable net assets of the acquiree.

The table below provides a list of the subsidiaries which include non-controlling interests at 28 January 2017 and 30 January 2016:

	Country of incorporation	**% of non-controlling interests and non-controlling voting rights at 28 January 2017**	% of non-controlling interests and non-controlling voting rights at 30 January 2016	**Net income/(loss) attributable to non-controlling interests for 52 weeks ending 28 January 2017 £000**	**Non-controlling interests at 28 January 2017 £000**	Net income/(loss) attributable to non-controlling interests for 52 weeks ending 30 January 2016 £000	Non-controlling interests at 30 January 2016 £000
Name of subsidiary:							
Sprinter Megacentros Del Deporte SLU (Sprinter)	Spain	**33.2%**	49.9%	**5,109**	**24,314**	4,008	21,618
Mainline Menswear Holdings Limited	UK	**20.0%**	20.0%	**491**	**865**	373	1,643
Sportiberica	Portugal	**20.0%**	-	**(558)**	**22**	-	-
JD Sports Fashion Germany GmbH	Germany	**15.0%**	15.0%	**143**	**385**	25	230
JD Sports Fashion Holdings Aus Pty	Australia	**20.0%**	-	**(18)**	**948**	-	-
Cloggs Online Limited	UK	**6.0%**	6.0%	**(101)**	**(262)**	(93)	(160)
Tiso Group Limited	UK	**40.0%**	40.0%	**(127)**	**(1,544)**	(265)	(1,417)
ActivInstinct Holdings Limited	UK	**0.0%**	13.3%	**-**	**-**	(1,266)	(2,509)
Tessuti Group Limited	UK	**0.0%**	40.0%	**-**	**-**	267	(1,272)
Ark Fashion Limited	UK	**0.0%**	22.0%	**-**	**-**	(297)	(841)
Other	UK/ Malaysia	**15% - 50%**	15% - 50%	**727**	**1,865**	244	1,113
				5,666	**26,592**	2,996	18,405

During the period, the Group has increased its shareholding in three non-wholly owned subsidiaries. The consideration paid was negligible.

For newly acquired non-wholly owned subsidiaries, further details are provided in note 11.

The table below provides summarised financial information for significant non-controlling interests at 28 January 2017 and 30 January 2016:

Summarised statement of financial position	**Sprinter 2017 £000**	Sprinter 2016 £000
Current assets	**61,603**	52,370
Non-current assets	**52,711**	38,080
Total assets	**114,314**	90,450
Current liabilities	**(63,926)**	(40,647)
Non-current liabilities	**(3,248)**	(1,755)
Net assets	**47,141**	48,048

Notes to the Consolidated Financial Statements (continued)

24. Non-controlling Interests (continued)

Summarised results of operations	**Sprinter 52 weeks to 28 January 2017 £000**	Sprinter 52 weeks to 30 January 2016 £000
Revenue	**198,413**	141,590
Profit for the period, net of tax	**9,627**	7,888

Summarised statement of cash flows	**Sprinter 52 weeks to 28 January 2017 £000**	Sprinter 52 weeks to 30 January 2016 £000
Net cash provided by operating activities	**11,872**	12,200
Net cash used in investing activities	**(11,983)**	(12,707)
Net cash used in financing activities	**(60)**	(1,613)
Cash and cash equivalents:		
At the beginning of the period	**22,341**	24,461
At the end of the period	**22,170**	22,341

25. 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 28 January 2017 £000	52 weeks to 30 January 2016 £000
1.30p per ordinary share (2016 (restated): 1.24p)	**12,652**	12,068

Dividends on Issued Ordinary Share Capital

	52 weeks to 28 January 2017 £000	52 weeks to 30 January 2016 £000
Final dividend of 1.24p (2016 (restated): 1.18p) per qualifying ordinary share paid in respect of prior period, but not recognised as a liability in that period	**12,068**	11,484
Interim dividend of 0.25p (2016 (restated): 0.24p) per qualifying ordinary share paid in respect of current period	**2,433**	2,336
	14,501	13,820

Notes to the Consolidated Financial Statements (continued)

26. Commitments

(i) Capital Commitments

As at 28 January 2017, the Group had entered into contracts to purchase property, plant and equipment as follows:

	2017 £000	2016 £000
Contracted	**39,843**	4,442

(ii) Operating Lease Commitments

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

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

	Land and buildings 2017 £000	**Plant and equipment 2017 £000**	Land and buildings 2016 £000	Plant and equipment 2016 £000
Within one year	**167,557**	**2,089**	106,219	1,846
Later than one year and not later than five years	**498,438**	**2,049**	312,653	1,583
After five years	**407,820**	**-**	219,975	3
	1,073,815	**4,138**	638,847	3,432

The future minimum rentals payable on land and buildings represent the base rents that are due on each property over the non-cancellable lease term, being usually the earliest date at which the lease can be exited. 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 28 January 2017 are as follows:

	2017 £000	2016 £000
Within one year	**485**	489
Later than one year and not later than five years	**1,416**	1,447
After five years	**277**	613
	2,178	2,549

27. Pension Schemes

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.

The pension charge for the period represents contributions payable by the Group of £4,723,000 (2016: £3,091,000) in respect of employees, and £32,000 (2016: £26,000) in respect of Directors. The amount owed to the schemes at the period end was £765,000 (2016: £435,000).

Notes to the Consolidated Financial Statements (continued)

28. Analysis of Net Cash

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.

	At 30 January 2016 £000	On acquisition of subsidiaries £000	Cash flow £000	Non-cash movements £000	**At 28 January 2017 £000**
Cash at bank and in hand	215,996	10,669	19,099	1,796	**247,560**
Overdrafts	(6,137)	(6,125)	(963)	-	**(13,225)**
Cash and cash equivalents	**209,859**	**4,544**	**18,136**	**1,796**	**234,335**
Interest-bearing loans and borrowings:					
Bank loans	(54)	(21,920)	2,858	-	**(19,116)**
Finance lease liabilities	(108)	(1,004)	148	-	**(964)**
Other loans	(276)	(654)	275	-	**(655)**
	209,421	**(19,034)**	**21,417**	**1,796**	**213,600**

29. Related Party Transactions and Balances

Transactions and balances with each category of related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arm's 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

Pentland Group Plc

Pentland Group Plc owns 57.5% (2016: 57.5%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases of inventory from Pentland Group Plc in the period and the Group also sold inventory to Pentland Group Plc. The Group also paid royalty costs to Pentland Group Plc for the use of a brand.

During the period, the Group entered into the following transactions with Pentland Group Plc:

	Income from related parties 2017 £000	**Expenditure with related parties 2017 £000**	Income from related parties 2016 £000	Expenditure with related parties 2016 £000
Sale of inventory	**290**	**-**	45	-
Purchase of inventory	**-**	**(29,552)**	-	(21,251)
Royalty costs	**-**	**(1,754)**	-	(785)

At the end of the period, the following balances were outstanding with Pentland Group Plc:

	Amounts owed by related parties 2017 £000	**Amounts owed to related parties 2017 £000**	Amounts owed by related parties 2016 £000	Amounts owed to related parties 2016 £000
Trade receivables / (payables)	**-**	**(1,607)**	-	(570)

Other than the remuneration of Directors as shown in note 5 and in the Directors' Remuneration Report on page 92 there have been no other transactions with Directors in the year (2016: nil)

30. Subsequent Events

Memorandum of Understanding with Sonae - SGPS, SA

On 9 March 2017, JD Sports Fashion Plc, announced that it had agreed a Memorandum of Understanding ('MoU') with Sonae - SGPS, SA ('Sonae') which sets out the basis for a potential combination of the JD Group's existing businesses in Spain and Portugal, JD Sprinter Holdings ('JD Sprinter'), with the Sport Zone business of Sonae which is one of the largest sports retailers in the region.

This MoU establishes the key parameters for the creation of an Iberian Sports Retail Group that, subject to contract and subsequent clearance by the relevant Competition Authorities, will have as shareholders the JD Group, Sonae and the family shareholders of JD Sprinter, with shareholdings of approximately 50%, 30% and 20%, respectively.

Notes to the Consolidated Financial Statements (continued)

31. Subsidiary Undertakings

The following companies were the subsidiary undertakings of JD Sports Fashion Plc at 28 January 2017.

Name of subsidiary	Place of registration	Registered Address	Nature of business and operation	Ownership interest	Voting rights interest
Kukri Australia Pty Limited*	Australia	39 Charles Street, Norwood, SA 5067	Distributor of sports clothing and accessories	83.0%	83.0%
JD Sports Fashion Holdings Aus Pty	Australia	Level 3, 80 George Street, Sydney NSW 2000	Intermediate holding company	80.0%	80.0%
JD Sports Fashion Aus Pty	Australia	Level 3, 80 George Street, Sydney NSW 2000	Retailer of sports inspired footwear and apparel	80.0%	80.0%
Next Athleisure Pty Ltd	Australia	Level 3, 80 George Street, Sydney NSW 2000	Retailer of sports inspired footwear and apparel	80.0%	80.0%
Trend Imports Pty Ltd	Australia	Level 3, 80 George Street, Sydney NSW 2000	Distributor of sports inspired footwear and apparel	80.0%	80.0%
Le Coq Sportif Oceania Pty Ltd	Australia	Level 3, 80 George Street, Sydney NSW 2000	Retailer of sports inspired footwear and apparel	56.0%	56.0%
JD Sports Fashion Belgium BVBA	Belgium	Wiegstraat 21, 2000 Antwerpen, Belgie	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Kukri Sports Canada Inc*	Canada	106-1533 Broadway St, Port Coquitlam, British Columbia, V3c 6P3	Distributor of sports clothing and accessories	75.0%	75.0%
Shanghai Go Outdoors Limited	China	Room A1412, 1 Building, No.5500 Yuanjiang Road, Minhang, Shanghai, China	Sourcing of products and management of supplier relationships	100.0%	100.0%
JD Sports Fashion Denmark APS	Denmark	c/o Harbour House, Sundkrogsgade 21, 2100 Copenhagen,Denmark	Retailer of sports inspired footwear and apparel	100.0%	100.0%
JD Sports Fashion (France) SAS	France	96 R Du Pont Rompu, 59200 Tourcoing, France	Intermediate holding company	100.0%	100.0%
Spodis SA*	France	96 R Du Pont Rompu, 59200 Tourcoing, France	Retailer of sports footwear and accessories	100.0%	100.0%
JD Sports Fashion Germany GmbH	Germany	Lap Street 107-108, 12163 Berlin, Germany	Retailer of sports inspired footwear and apparel	85.0%	85.0%
JD Size GmbH	Germany	Schloßstraße 107-108, 12163 Berlin, Germany	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Kukri (Asia) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Distributor of sports clothing and accessories	100.0%	100.0%
Kukri (HK) Limited*	Hong Kong	Unit 4, 27th Floor, Global Trade Square, 21 Wong Chuk Hang Road, Hong Kong	Dormant company	100.0%	100.0%
JD Sports Fashion India LLP	India	B-808 The Platina, Gachibawli, Hyderabad, Telangana, India - 500032	Outsourced multi-channel operations	100.0%	100.0%
John David Sports Fashion (Ireland) Limited	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports inspired footwear and apparel	100.0%	100.0%
J.D Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100.0%	100.0%
Kukri Sports Ireland Limited*	Ireland	2 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Distributor of sports clothing and accessories	100.0%	100.0%
Champion Sports Group Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100.0%	100.0%
PCPONE*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Intermediate holding company	100.0%	100.0%
Champion Retail Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100.0%	100.0%
Champion Sports Ireland*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Retailer of sports and leisure goods	100.0%	100.0%
Champion Sports Newco Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100.0%	100.0%
Marathon Sports Limited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100.0%	100.0%
Champion Sports (Holdings) Unlimited*	Ireland	3 Burlington Road, Dublin 4, D04RD68, Republic of Ireland	Dormant company	100.0%	100.0%
Capso Holdings Limited*	Isle of Man	33-37 Athol Street, Isle Of Man, IM1 1LB	Intermediate holding company	100.0%	100.0%
Focus Italy S.pa.*	Italy	Viale Majno Luigi 17/A, 20122 Milano Italy	Distributor of sports clothing and footwear	80.0%	80.0%
JD Sports Fashion SRL	Italy	Via Montenapoleone n. 29 - 20121 Milan, Italy	Retailer of sports inspired footwear and apparel	100.0%	100.0%
JD Sports Fashion SDN BHD	Malaysia	Suite D23, 2ND Floor, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia	Retailer of sports inspired footwear and apparel	50.0%	50.0%
Kukri Sports Middle East JLT*	Middle East	Lakeview Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates	Distributor of sports clothing and accessories	100.0%	100.0%
JD Sports Fashion BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer, The Netherlands	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Sports Unlimited Retail BV	Netherlands	Oosteinderweg 247 B 1432 AT Aalsmeer, The Netherlands	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Kukri NZ Limited*	New Zealand	Unit 2, 45 The Boulevard, Te Rapa Park, Hamilton	Distributor of sports clothing and accessories	75.0%	75.0%
Trend Imports (NZ) Pty Limited	New Zealand	Level 2, Fidelity House, 81 Carlton Gore Rd, Newmarket, Auckland , New Zealand	Distributor of sports inspired footwear and apparel	80.0%	80.0%
Kukri Pte Limited*	Singapore	10 Anson Road, 19-15 International Plaza, Singapore 079903	Distributor of sports clothing and accessories	100.0%	100.0%
JD Sprinter Holdings 2010 SL	Spain	Ctra. de Dolores 1.8 km Pol. Industrial Vizcarra, Nave 14 03290 Elche, Alicante, Spain	Intermediate holding company	66.8%	66.8%
JD Spain Sports Fashion 2010 SL	Spain	Ctra. de Dolores 1.8 km Pol. Industrial Vizcarra, Nave 14 03290 Elche, Alicante, Spain	Retailer of sports and leisure goods	76.8%	76.8%

*Indirect holding of the Company

Notes to the Consolidated Financial Statements (continued)

31. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered Address	Nature of business and operation	Ownership interest	Voting rights interest
Sprinter Megacentros Del Deporte SLU*	Spain	Ctra. de Dolores 1.8 km Pol. Industrial Vizcarra, Nave 14 03290 Elche, Alicante, Spain	Retailer of sports and leisure goods	66.8%	66.8%
Sportiberica - Sociedade de Arigos de Desporto S.A.	Portugal	Avenida das Indústrias, n.º 63, Agualva do Cacém, Sintra, Portugal	Retailer of sports and leisure goods	61.4%	61.4%
JD Sports Fashion Sweden AB	Sweden	C/o Intertrust CN (Sweden) AB, PO Box 16285, 103 25 Stockholm, Sweden	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Athleisure Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Jog Shop Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Allsports.co.uk Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Sonneti Fashions Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Peter Werth Limited*	UK	MILLAR & BRYCE LIMITED, Bonnington Bond 2 Anderson Place, Edinburgh, EH6 5NP	Dormant company	100.0%	100.0%
First Sport Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
R.D. Scott Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Topgrade Sportswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%	80.0%
Topgrade Sportswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and multichannel retailer of sports and fashion clothing and footwear	80.0%	80.0%
GetTheLabel.com Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%	80.0%
Topgrade Trading Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%	80.0%
Nicholas Deakins Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion footwear	100.0%	100.0%
Kooga Rugby Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of rugby clothing and accessories	100.0%	100.0%
Duffer of St George Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Licensor of a fashion brand	100.0%	100.0%
Focus Brands Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80.0%	80.0%
Focus Group Holdings Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80.0%	80.0%
Focus International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of sports clothing and footwear	80.0%	80.0%
Focus Sports & Leisure International Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%	80.0%
Focus Equipment Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	80.0%	80.0%
Kukri Sports Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Kukri GB Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor and retailer of sports clothing and accessories	100.0%	100.0%
Kukri Events Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Squirrel Sports Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Blacks Outdoor Retail Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	100.0%	100.0%
Ultimate Outdoors Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Oswald Bailey Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Source Lab Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Design and distributor of sportswear	85.0%	85.0%
Tessuti Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Tessuti Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Tessuti Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Prima Designer Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Blue Retail Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Cloggs Online Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Multichannel retailer of fashion footwear	94.0%	94.0%
Ark Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Tiso Group Limited	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%	60.0%
Graham Tiso Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Retailer of outdoor footwear, apparel and equipment	60.0%	60.0%
Sundown Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60.0%	60.0%
Alpine Group (Scotland) Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%	60.0%
The Alpine Group Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%	60.0%
Alpine Bikes Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	46 Commercial Street, Leith, Edinburgh, EH6 6JD	60.0%	60.0%
The Alpine Store Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Dormant company	60.0%	60.0%
George Fisher Holdings Limited*	UK	41 Commercial Street, Leith, Edinburgh, EH6 6JD	Intermediate holding company	60.0%	60.0%
George Fisher Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of outdoor footwear, apparel and equipment	60.0%	60.0%

*Indirect holding of the Company

Notes to the Consolidated Financial Statements (continued)

31. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered Address	Nature of business and operation	Ownership interest	Voting rights interest
ActivInstinct Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
ActivInstinct Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Multichannel retailer of sports inspired footwear and apparel	100.0%	100.0%
Activinstinct Pty Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Mainline Menswear Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	80.0%	80.0%
Mainline Menswear Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium branded Men's apparel and footwear	80.0%	80.0%
Dapper (Scarborough) Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium branded Men's apparel and footwear	80.0%	80.0%
JD Sports Gyms Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Operator of fitness centres	75.0%	75.0%
JD Sports Fashion Distribution Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Size? Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of sports inspired footwear and apparel	100.0%	100.0%
Henleys Clothing Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Nanny State Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Distributor of fashion clothing and footwear	100.0%	100.0%
Fly53 Ltd	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Footpatrol London 2002 Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Premium Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Exclusive Footwear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of premium branded footwear	90.0%	90.0%
Pink Soda Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Varsity Kit Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Allsports (Retail) Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
OneTrueSaxon Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Peter Storm Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Open Fashion Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Millets Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Planet Fear Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
JD Sports Active Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Hip Store Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Aspecto Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Aspecto Trading Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Infinities Retail Group Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Infinities Retail Group Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
IRG Bury Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Denton Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Stockport Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Warrington Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Birkenhead Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Bradford Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Derby Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Blackburn Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Stoke Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Altrincham Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
IRG Chesterfield Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Clothingsites Holdings Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Intermediate holding company	100.0%	100.0%
Clothingsites.co.uk Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Retailer of fashion clothing and footwear	100.0%	100.0%
Old Brown Bag Clothing Limited	UK	The Old Dairy 76 Heyes Lane, Alderley Edge, Cheshire, SK9 7LE	Dormant company	100.0%	100.0%
Go Outdoors Topco Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Intermediate holding company	100.0%	100.0%
Go Outdoors Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Retailer of outdoor footwear, apparel and equipment	100.0%	100.0%
Mitchell's Practical Campers Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Touchwood Sports Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
C.C.C. (Camping & Caravan Centre) Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Ensco 1092 Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
CCC Outdoors Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%

*Indirect holding of the Company

Notes to the Consolidated Financial Statements (continued)

31. Subsidiary Undertakings (continued)

Name of subsidiary	Place of registration	Registered Address	Nature of business and operation	Ownership interest	Voting rights interest
C.C.C. (Wholesale Leisure) Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Go Explore Consulting Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Outdoorclearance Company Limited	UK	Cuthbert House, Arley Street, Sheffield, S2 4QP	Dormant company	100.0%	100.0%
Robin Acquisitionco Limited	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
2Squared Agency Limited	UK	St. Ann's Square, Manchester, M2 7PW	Wholesaler of Men's leisure footwear	69.0%	69.0%
2Squared Retail Limited	UK	St. Ann's Square, Manchester, M2 7PW	Internet retailer of Men's footwear	51.0%	51.0%
Frank Harrison Limited*	UK	Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	90.0%	90.0%
The John David Group Limited	UK	Hollinsbrook, Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
J D Sports Limited	UK	Hollinsbrook, Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%
Millet Sports Limited*	UK	Hollinsbrook, Way, Pilsworth, Bury, Lancashire, BL9 8RR	Dormant company	100.0%	100.0%

*Indirect holding of the Company

Company Balance Sheet

As at 28 January 2017

	Note	**As at 28 January 2017 £000**	As at 30 January 2016 £000
Fixed assets			
Intangible assets	C5	**20,979**	22,291
Property, plant and equipment	C6	**84,250**	88,557
Investment property	C7	**3,450**	3,491
Other assets	C8	**9,176**	10,240
Investments	C9	**189,326**	69,785
Deferred tax assets	C16	**3,765**	2,148
		310,946	196,512
Current assets			
Stocks	C10	**116,557**	106,336
Debtors	C11	**314,857**	259,059
Cash and cash equivalents	C12	**168,170**	148,138
		599,584	513,533
Total assets		**910,530**	710,045
Creditors : amounts falling due within one year	C13	**(263,340)**	(218,040)
Provisions	C15	**(394)**	(587)
Income tax liabilities		**(29,400)**	(14,333)
		(293,134)	(232,960)
Creditors: amounts falling due after more than one year	C14	**(24,316)**	(31,890)
Provisions	C15	**(738)**	(1,117)
		(25,054)	(33,007)
Total liabilities		**(318,188)**	(265,967)
Net assets		**592,342**	444,078
Capital and reserves			
Issued ordinary share capital	C17	**2,433**	2,433
Share premium		**11,659**	11,659
Retained earnings		**578,250**	429,986
Total equity		**592,342**	444,078

These financial statements were approved by the Board of Directors on 10 April 2017 and were signed on its behalf by:

Brian Small
Director
Registered number: 1888425

Company Statement of Changes in Equity

For the 52 weeks ended 28 January 2017

	Ordinary share capital £000	Share premium £000	Retained earnings £000	**Total equity £000**
Balance at 31 January 2015	2,433	11,659	351,875	**365,967**
Profit for the period	-	-	91,931	**91,931**
Total comprehensive income for the period	-	-	91,931	**91,931**
Dividends to equity holders	-	-	(13,820)	**(13,820)**
Balance at 30 January 2016	2,433	11,659	429,986	**444,078**
Profit for the period	-	-	162,765	**162,765**
Total comprehensive income for the period	-	-	162,765	**162,765**
Dividends to equity holders	-	-	(14,501)	**(14,501)**
Balance at 28 January 2017	**2,433**	**11,659**	**578,250**	**592,342**

Notes to the Company Financial Statements

C1. Basis of Preparation
The parent company financial statements of JD Sports Fashion Plc were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of JD Sports Fashion Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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 comprehensive income for the parent included in these consolidated financial statements is £162,765,000 (2016: £91,931,000).

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 30 January 2016 for the purposes of the transition to FRS 101 Adopted IFRSs.

The financial statements have been prepared on a going concern basis under the historical cost convention except as disclosed in the accounting policies in Note 1 of the Group financial statements. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the same for the Company as they are for the Group. For further details, see pages 108 to 109 in the Group financial statements.

C2. Directors Remuneration
The remuneration of Executive directors for both the Company and Group are disclosed in Note 5 of the Group financial statements.

C3. Auditor's Remuneration
Fees payable to the Company's auditor for the audit of the Company and Group financial statements are disclosed in Note 3 of the Group financial statements.

Notes to the Company Financial Statements (continued)

C4. Staff Numbers and Costs Company

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

	2017	2016
Sales and distribution	**11,751**	10,463
Administration	**375**	359
	12,126	10,822
Full time equivalents	**7,568**	7,056

The aggregate payroll costs of these persons were as follows:

	52 weeks to 28 January 2017 £000	52 weeks to 30 January 2016 £000
Wages and salaries	**160,528**	135,525
Social security costs	**10,762**	8,743
Other pension costs	**1,615**	1,456
	172,905	145,724

C5. Intangible Assets

Goodwill in the Company comprises the goodwill on acquisition of First Sport (£14,976,000) and Allsports (£924,000).

Brand names in the Company comprise all brand names included in the Group table (Note 12) within the Sport Fashion segment, with the exception of the fair value adjustments remaining in relation to brand name acquired on acquisition of Duffer of St George (£446,000).

	Goodwill £000	Brand licences £000	Brand names £000	Software development £000	Total £000
Cost or valuation					
At 30 January 2016	19,945	11,779	9,779	6,860	48,363
Additions	-	-	-	3,843	3,843
Disposals	-	-	(2,400)	(3)	(2,403)
At 28 January 2017	19,945	11,779	7,379	10,700	49,803
Amortisation and impairment					
At 30 January 2016	4,045	8,092	8,704	5,231	26,072
Charge for the period	-	750	1,065	3,339	5,154
Disposals	-	-	(2,400)	(2)	(2,402)
At 28 January 2017	4,045	8,842	7,369	8,568	28,824
Net book value					
At 28 January 2017	**15,900**	**2,937**	**10**	**2,132**	**20,979**
At 30 January 2016	15,900	3,687	1,075	1,629	22,291

Notes to the Company Financial Statements (continued)

C6. Property, Plant and Equipment

	Land £000	Improvements to short leasehold properties £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost						
At 30 January 2016	5,453	15,678	28,826	165,604	70	215,631
Additions	-	2,138	3,989	19,105	15	25,247
Disposals	-	(1,728)	(252)	(8,954)	(25)	(10,959)
At 28 January 2017	5,453	16,088	32,563	175,755	60	229,919
Depreciation and impairment						
At 30 January 2016	-	9,538	24,117	93,383	36	127,074
Charge for period	-	3,211	6,549	18,259	18	28,037
Disposals	-	(710)	(217)	(8,500)	(15)	(9,442)
At 28 January 2017	-	12,039	30,449	103,142	39	145,669
Net book value						
At 28 January 2017	**5,453**	**4,049**	**2,114**	**72,613**	**21**	**84,250**
At 30 January 2016	5,453	6,140	4,709	72,221	34	88,557

C7. 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 Company has not elected to revalue investment property annually but to disclose the fair value in the Consolidated Financial Statements. An external valuation to determine the fair value is prepared every three years by persons having the appropriate professional experience. When an external valuation is not prepared, an annual assessment is conducted using internal expertise.

	£000
At 30 January 2016 and 28 January 2017	4,837
Depreciation and impairment	
At 30 January 2016	1,346
Charge for period	41
At 28 January 2017	1,387
Net book value	
At 28 January 2017	**3,450**
At 30 January 2016	3,491

The investment properties brought forward relate to properties leased to Focus Brands Limited (£4,160,000) and Kukri Sports Limited (£677,000).

These properties remain Investment Properties from the Company perspective as at 28 January 2017.

Based on an external valuation prepared as at 30 January 2016, the fair value of the investment properties as at that date was £3,977,000. An internal assessment was conducted for the current financial year and the fair value of £3,977,000 remains appropriate as at 28 January 2017.

Management do not consider either of the investment properties to be impaired as the future rental income supports the carrying value.

Notes to the Company Financial Statements (continued)

C8. Non-current Other Assets

	Legal Fees £000	Lease Premia £000	Total £000
Cost			
At 30 January 2016	11,168	5,000	16,168
Additions	1,573	-	1,573
Disposals	(366)	-	(366)
At 28 January 2017	12,375	5,000	17,375
Depreciation and impairment			
At 30 January 2016	5,303	625	5,928
Charge for period	1,951	611	2,562
Disposals	(291)	-	(291)
At 28 January 2017	6,963	1,236	8,199
Net book value			
At 28 January 2017	**5,412**	**3,764**	**9,176**
At 30 January 2016	5,865	4,375	10,240

C9. Investments

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

Basis of Consolidation

I. Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

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 or disposals 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.

Notes to the Company Financial Statements (continued)

C9. Investments (continued)

	£000
Cost	
At 30 January 2016	75,255
Additions	119,541
At 28 January 2017	194,796
Impairment	
At 30 January 2016 and 28 January 2017	5,470
Net book value	
At 28 January 2017	**189,326**
At 30 January 2016	69,785

The additions to investments in the current year comprise the following. Unless otherwise stated the investment is 100% owned.

	2017 £000
JD Sports Fashion Sweden AB	215
JD Sports Fashion SDN BHD (50% owned)	308
JD Sports Fashion SRL	444
2Squared Agency Limited & 2Squared Retail Limited (69% and 51% owned)	512
SportIberica Sociedade de Artigos de Desporto, S.A. (80% owned)	891
Tessuti Limited	1,000
JD Sports Fashion Holdings Australia Pty Limited (80% owned)	3,866
Go Outdoors Topco Limited	112,305
Total additions	**119,541**

A list of subsidiaries is shown in Group Note 31.

C10. Stocks

	2017 £000	2016 £000
Finished goods and goods for resale	**116,557**	106,336

The Company has £13,641,000 (2016: £12,450,000) of stock provisions at the end of the period.

C11. Debtors - amounts falling due within one year

	2017 £000	2016 £000
Current assets		
Trade debtors	**5,872**	3,847
Other debtors	**-**	3,218
Prepayments and accrued income	**15,939**	18,011
Amounts owed by other Group companies	**293,046**	233,983
	314,857	259,059

Notes to the Company Financial Statements (continued)

C12. Financial Instruments

Financial Assets
The currency profile of cash and cash equivalents is shown below:

	2017 £000	2016 £000
Bank balances and cash floats	**168,170**	148,138
Sterling	**140,394**	113,066
Euros	**20,932**	27,766
US Dollars	**2,483**	6,428
Australian Dollars	**2,955**	34
Danish Krone	**879**	381
Other	**527**	463
	168,170	148,138

Financial Liabilities
The company does not have any interest bearing loans and borrowings balances as at 28 January 2017 (30 January 2016: £nil).

Credit Risk
The Company has provided guarantees on working capital and other banking facilities entered into by Spodis SA (€6,600,000), Sprinter Megacentros Del Deporte SLU (€8,750,000), Next Athleisure Pty Limited ($15,300,000), Cloggs Online Limited (£500,000), Kukri Sports Limited and Kukri GB Limited (£1,000,000), and Kooga Rugby Limited (£250,000). As at 28 January 2017, these facilities were drawn down by £7,059,000 (2016: £490,000). In addition, the syndicated committed £215,000,000 bank facility, which was in place as at 28 January 2017, encompassed cross guarantees between the Company, RD Scott Limited, Topgrade Sportswear Limited, Blacks Outdoor Retail Limited, Tessuti Limited and Focus International Limited to the extent to which any of these companies were overdrawn. As at 28 January 2017, these facilities were drawn down by £nil (2016: £nil).

Fair Values
The fair values together with the carrying amounts shown in the Balance Sheet as at 28 January 2017 are as follows:

	Note	Carrying amount 2017 £000	Fair value 2017 £000
Trade and other debtors	C11	298,918	298,918
Cash and cash equivalents	C12	168,170	168,170
Trade and other creditors - current		(242,066)	(242,066)
Trade and other creditors - non-current		(3,442)	(3,442)
		221,580	221,580
Unrecognised gains			-

Fair Value Hierarchy
For information on Company balances which are categorised at the same level as for Group, see note 19. In addition, Investment property held in the Company of £3,450,000 (2016: £3,491,000) is categorised as Level 3 within the fair value hierarchy.

Notes to the Company Financial Statements (continued)

C13. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	92,197	78,643
Other creditors and accrued expenses	146,696	124,791
Other tax and social security costs	17,119	14,606
Amounts payable to other Group companies	7,328	-
	263,340	218,040

C14. Creditors: amounts falling due after one year

	2017 £000	2016 £000
Other creditors and accrued expenses	24,316	24,562
Amounts payable to other Group companies	-	7,328
	24,316	31,890

Included with Other creditors and accrued expenses are put option liabilities of £3,444,000 (2016: 3,260,000). Further disclosure can be found in Note 20 of the Group accounts.

C15. Provisions

	Onerous property leases £000
Balance at 30 January 2016	1,704
Provisions released during the period	(91)
Provisions utilised during the period	(481)
Balance at 28 January 2017	**1,132**

C16. Deferred Tax Assets and Liabilities

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	Assets 2016 £000	Liabilities 2017 £000	Liabilities 2016 £000	Net 2017 £000	Net 2016 £000
Property, plant and equipment	(1,330)	(930)	-	-	(1,330)	(930)
Chargeable gains held over / rolled over	-	-	-	226	-	226
Other	(2,435)	(1,444)	-	-	(2,435)	(1,444)
Tax (assets) / liabilities	(3,765)	(2,374)	-	226	(3,765)	(2,148)

Notes to the Company Financial Statements (continued)

C16. Deferred Tax Assets and Liabilities (continued)

Movement in Deferred Tax During the Period

	Property, plant and equipment £000	Chargeable gains held over/ rolled over £000	Other £000	Total £000
Balance at 31 January 2015	263	237	(904)	**(404)**
Recognised in income	(1,193)	(11)	(540)	**(1,744)**
Balance at 30 January 2016	(930)	226	(1,444)	**(2,148)**
Recognised in income	(400)	(226)	(991)	**(1,617)**
Balance at 28 January 2017	**(1,330)**	**-**	**(2,435)**	**(3,765)**

C17. Capital

Issued Ordinary Share Capital for both the Company and Group is disclosed in Note 23 of the Group financial statements.

C18. Dividends

After the reporting date the dividends proposed by both Company and Group directors is disclosed in Note 25 of the Group financial statements.

C19. Commitments

(i) Capital Commitments

As at 28 January 2017, the Company had entered into contracts to purchase property, plant and equipment as follows:

	2017 £000	2016 £000
Contracted	**29,506**	261

(ii) Operating Lease Commitments

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

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

	Land and buildings 2017 £000	Plant and equipment 2017 £000	Land and buildings 2016 £000	Plant and equipment 2016 £000
Within one year	**65,643**	**1,212**	53,696	890
Later than one year and not later than five years	**217,164**	**1,128**	160,502	839
After five years	**174,370**	**-**	125,961	-
	457,177	**2,340**	340,159	1,729

(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 28 January 2017 are as follows:

	2017 £000	2016 £000
Within one year	**366**	324
Later than one year and not later than five years	**1,239**	1,254
After five years	**277**	578
	1,882	2,156

Notes to the Company Financial Statements (continued)

C20. Related Party Transactions and Balances

The Company made purchases of inventory from Pentland Group Plc in the period and the Company also sold inventory to Pentland Group Plc in the prior year. The Company also paid royalty costs to Pentland Group Plc for the use of a brand. During the period, the Company entered into the following transactions with Pentland Group Plc:

	Income from related parties 2017 £000	**Expenditure with related parties 2017 £000**	Income from related parties 2016 £000	Expenditure with related parties 2016 £000
Sale of inventory	**-**	**-**	45	-
Purchase of inventory	**-**	**(14,967)**	-	(10,912)

At the end of the period, the Company had the following balances outstanding with Pentland Group Plc:

	Amounts owed by related parties 2017 £000	**Amounts owed to related parties 2017 £000**	Amounts owed by related parties 2016 £000	Amounts owed to related parties 2016 £000
Trade receivables / (payables)	**-**	**(1,244)**	-	(283)

Transactions with Related Parties Who Are Members of the Group

Subsidiaries
In the disclosure below the Company has applied the exemptions available under FRS 101 in respect of transactions with wholly owned subsidiaries.

Loans represent historic intercompany balances and initial investment in subsidiary undertakings to enable them to purchase other businesses. For subsidiaries with a non-controlling interest, these long term loans attract interest at the UK base rate plus an applicable margin.

Other intercompany balances and trade receivables / payables relates to:

- The sale and purchase of stock between the Company and its subsidiaries on arm's length terms
- Recharges for administrative overhead and distribution costs.

Other intercompany balances are settled a month in arrears. These balances do not accrue interest. In certain circumstances where the subsidiaries have not repaid these balances, they have been reclassified to long term loans, and therefore accrue interest as applicable.

During the period, the Company entered into the following transactions with subsidiaries not wholly owned:

	Income from related parties 2017 £000	**Expenditure with related parties 2017 £000**	Income from related parties 2016 £000	Expenditure with related parties 2016 £000
Sale / (purchase) of inventory	**42,833**	**(12,924)**	27,718	(7,606)
Interest receivable	**1,060**	**-**	625	-
Dividend income received	**315**	**-**	680	-
Rental income	**200**	**-**	200	-
Royalty income	**561**	**-**	732	-
Management charge receivable	**1,876**	**-**	166	-

Notes to the Company Financial Statements (continued)

C20. Related Party Transactions and Balances (continued)

At the end of the period, the Company had the following balances outstanding with subsidiaries not wholly owned:

	Amounts owed by related parties 2017 £000	**Amounts owed to related parties 2017 £000**	Amounts owed by related parties 2016 £000	Amounts owed to related parties 2016 £000
Non-trading loan receivable	**12,619**	**-**	13,849	-
Non-trading loan receivable (interest bearing)	**42,041**	**-**	24,449	-
Trade receivables / (payables)	**12,762**	**(571)**	6,686	(139)
Other intercompany balances	**5,078**	**(1,367)**	3,737	(4,107)
Income tax group relief	**13**	**(1,404)**	12	(804)

C21. Contingent Liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Company has provided the following guarantees:

- Guarantee on the working capital facilities and bonds and guarantees in Spodis SA of €6,600,000 (2016: €6,600,000)
- Guarantee on the working capital and other banking facilities in relation to the Sprinter Megacentros Del Deporte SLU of €8,750,000 (2016: €8,750,000)
- Guarantee on the working capital and other banking facilities in relation to the Next Athleisure Pty Limited of $15,300,000 (2016: $nil)
- Guarantee on the working capital facilities in Cloggs Online Limited of £500,000 (2016: £500,000)
- Guarantee on the working capital facilities in Kooga Rugby Limited of £250,000 (2016: £250,000)
- Guarantee on the working capital facilities in Kukri Sports Limited and Kukri GB Limited of £1,000,000 (2016: £1,000,000)
- Guarantee to Kiddicare Properties Limited in relation to the rental commitments on four stores assigned to Blacks Outdoor Retail Limited in the year. The total value of the remaining rental commitments at 28 January 2017 was £10,167,000 (2016: £15,383,026)

C22. 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 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.

Group Information

Financial Calendar

Final Results Announced	11 April 2017
Final Dividend Record Date	23 June 2017
Financial Statements Published	26 May 2017
Annual General Meeting	29 June 2017
Final Dividend Payable	31 July 2017
Interim Results Announced	12 September 2017
Period End (53 Weeks)	03 February 2018
Final Results Announced	April 2018

Shareholder Information

Registered office
JD Sports Fashion Plc
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Company number
Registered in England
and Wales,
Number 1888425

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

Five Year Record (Unaudited)

	(iv) 53 weeks to 2 February 2013 £000	(iv) 52 weeks to 1 February 2014 £000	(iv) 52 weeks to 31 January 2015 £000	52 weeks to 30 January 2016 £000	**52 weeks to 28 January 2017 £000**
Revenue	1,258,892	1,216,371	1,522,253	1,821,652	**2,378,694**
Cost of sales	(645,404)	(624,220)	(782,703)	(937,431)	**(1,215,053)**
Gross profit	613,488	592,151	739,550	884,221	**1,163,641**
Selling and distribution expenses - normal	(494,619)	(455,657)	(564,333)	(648,333)	**(812,972)**
Selling and distribution expenses - exceptional	(3,724)	(5,164)	(4,467)	-	**-**
Selling and distribution expenses	(498,343)	(460,821)	(568,800)	(648,333)	**(812,972)**
Administrative expenses - normal	(59,973)	(55,185)	(73,969)	(78,228)	**(106,272)**
Administrative expenses - exceptional	(1,624)	-	(5,060)	(25,496)	**(6,419)**
Administrative expenses	(61,597)	(55,185)	(79,029)	(103,724)	**(112,691)**
Other operating income	2,427	1,723	925	1,242	**1,815**
Operating profit	55,975	77,868	92,646	133,406	**239,793**
Before exceptional items	61,323	83,032	102,173	158,902	**246,212**
Exceptional items	(5,348)	(5,164)	(9,527)	(25,496)	**(6,419)**
Operating profit before financing	55,975	77,868	92,646	133,406	**239,793**
Financial income	645	582	657	388	**767**
Financial expenses	(1,503)	(1,619)	(2,807)	(2,163)	**(2,192)**
Profit before tax	55,117	76,831	90,496	131,631	**238,368**
Income tax expense	(13,875)	(18,897)	(20,741)	(31,001)	**(53,788)**
Profit for the period	41,242	57,934	69,755	100,630	**184,580**
Discontinued operation					
Loss from discontinued operation, net of tax	-	(16,448)	(15,784)	-	**-**
Attributable to equity holders of the parent	38,786	40,158	52,677	97,634	**178,914**
Attributable to non-controlling interest	2,456	1,328	1,294	2,996	**5,666**
Basic earnings per ordinary share from continuing operations (i)	3.99p	5.82p	7.03p	10.03p	**18.38p**
Adjusted basic earnings per ordinary share from continuing operations (ii)	4.43p	6.16p	7.78p	12.27p	**19.04p**
Dividends per ordinary share (i) (iii)	1.32p	1.36p	1.41p	1.48p	**1.55p**

(i) Basic and adjusted earnings per ordinary share and dividends per ordinary share have been adjusted to reflect the two share splits (see note 23), effective 30 June 2014 and 24 November 2016, as if the event had occurred at the beginning of the earliest period presented.

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

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

(iv) In accordance with IFRS 5, the results of Bank Fashion Limited ('Bank') are presented as a discontinued activity in the 52 weeks to 31 January 2015 as Bank was a separate major line of business. The Consolidated Income Statement for the 52 weeks to 1 February 2014 has consequently been re-presented as if Bank had been discontinued from the start of the comparative year. The financial year ended 2 February 2013 has not been re-presented.

Glossary

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. Terms are listed in alphabetical order.

Adjusted Earnings Per Share
The calculation of basic and diluted earnings per share is detailed in Note 10. 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. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	2017	2016
Basic earnings per share	**18.38p**	10.03p restated
Exceptional items excluding loss on disposal of non-current assets	**0.66p**	2.62p
Tax relating to exceptional items	**-**	(0.38)p
Adjusted earnings per share	**19.04p**	12.27p

Core
The Group's core Sports Fashion fascia is JD and the Group's core market is the UK and Republic of Ireland.

Effective Core Rate of Taxation
A reconciliation between the UK main rate of corporation tax and the effective core rate from continuing activities is as follows:

	2017 %	2016 %
UK main rate of corporation tax	**20.0**	20.2
Depreciation and impairment of non-qualifying non-current assets	**0.7**	0.7
Loss on disposal of non-qualifying non-current assets	**-**	(0.1)
Effect of tax rates in foreign jurisdictions	**0.3**	0.5
Expenses not deductible and income not taxable	**0.3**	(0.1)
Recognition of previously unrecognised tax losses/movement in deferred tax assets	**0.2**	(0.1)
Other	**0.3**	0.3
Effective core rate of taxation	**21.8**	21.4

LFL (Like for Like) Sales
The percentage change in the year-on-year sales, removing the impact of new store openings and closures in the current or previous financial year.

Operating Profit Before Exceptional Items
A reconciliation between operating profit and operating profit before exceptional items can be found in the Consolidated Income Statement.

Profit Before Tax and Exceptional Items
A reconciliation between profit before tax and profit before tax and exceptional items is as follows:

	2017 £000	2016 £000
Profit before tax	**238,368**	131,631
Exceptional items	**6,419**	25,496
Profit before tax and exceptional items	**244,787**	157,127