SPORTS DIRECT.COM 24HR DELIVERY

Sports Direct International Plc

Annual Report 2009

Sports Direct is the UK's leading sports retailer by revenue and operating profit, and the owner of a significant number of internationally recognised sports and leisure brands.

As at 26 April 2009 the Group operated out of 359 stores in the United Kingdom (excluding Northern Ireland). The majority of stores trade under the Sports Direct.com fascia. The Group has acquired a number of retail businesses over the past few years, and some stores still trade under the Lillywhites, McGurks, Exsports, Gilesports and Hargreaves fascias. Field & Trek stores trade under their own fascia.

The Group's UK stores (other than Field & Trek) supply a wide range of competitively priced sports and leisure equipment, clothing, footwear and accessories, under a mix of Group owned brands, such as Dunlop, Slazenger and Lonsdale, licensed in brands such as Umbro, and well known third party brands including adidas, Nike, Reebok and Puma. A significant proportion of the revenue in the stores is derived from the sale of the Group owned and licensed in branded products, which allows the retail business to generate higher margins, whilst at the same time differentiating the Group's stores from its competitors, both in terms of the range of products on sale and the competitive prices at which they are offered.

Field & Trek operates out of 16 stores in the UK, selling a wide range of camping and outdoor equipment, waterproof clothing and footwear, including leading brands such as Berghaus, Merrell and Salomon. The acquisition of Field & Trek gave the Group an entry into the outdoor market, which had been identified as a strategic opportunity for the Group, and that has been strengthened following the acquisition of Universal Cycles by the introduction of a range of cycle products in both stores and online.

The Group has retail interests outside the UK and has a flexible approach to entry into markets. These interests include wholly owned retail outlets (in Belgium, Holland, Luxemburg and Slovenia), joint ventures with other retailers (such as in Northern Ireland and the Republic of Ireland) stores within another retailer's store (as in Cyprus) and licence agreements as in South Africa and the Middle East.

The Group's portfolio of sports and leisure brands includes Dunlop, Slazenger, Kangol, Karrimor, Lonsdale, Everlast and Antigua. As previously mentioned the Group's Retail division sells products under these Group brands in its stores, and the Brands division exploits the brands through its wholesale and licensing businesses.

The Brands division wholesale business sells the brands' core products, such as Dunlop tennis rackets and Slazenger tennis balls, to wholesale customers throughout the world, obtaining far wider distribution for these products than would be the case if their sale was restricted to Group stores. The wholesale business also wholesales childrenswear and other clothing. The licensing business licenses third parties to apply Group owned brands to non-core products manufactured and distributed by those third parties, and third parties are currently licensed in different product areas in over 100 countries. The Brands division is closely involved in the development of licensed products and monitors licensees and their manufacturers to ensure product quality and presentation and consistency with the appropriate brand strategy.

The Brands division continue to sponsor a variety of prestigious events and retain a base of globally recognised talented sports men and women. The official tennis ball supplier agreements with The Wimbledon Championships and Roland-Garros are the foremost of these agreements. Dunlop's professional tennis tour team continues to grow with James Blake being the Group's highest ranked player. Cricketers Paul Collingwood and Matt Prior are sponsored by Slazenger whilst Lee Westwood and Darren Clarke continue to wear Dunlop apparel in major golf tournaments across the world. Other sports such as badminton and squash also provide opportunities of interest for Carlton and Dunlop respectively.

Financial Highlights

- Group revenue up 8.6% to £1,367m (2008: £1,260m)
- Underlying EBITDA down 8.9% to £136.8m (2008: £150.2m)
- Underlying profit before tax down 20.1% to £68.2m (2008: £85.4m)

  Reported profit before tax down 91% to £10.7m (2008:£118.9m) after currency exchange and non-cash adjustments

- Underlying earnings per share down 7.5% to 7.93p (2008: 8.57p)
- Group gross margin decreased by 280 basis points to 40.8% (2008: 43.6%)

  UK retail gross margins down to 42.5% (2008: 45.7%) flat on currency neutral basis

- Net debt at year end £431.3m

  Operating comfortably within banking covenants

  Target to reduce debt below £400m in the 2009/10 financial year

- UK Retail like-for-like gross contribution: +2.5%
- The Board decided not to recommend a final dividend

Operational highlights

- UK Retail clear market leader

  Sales exceeded £1bn

  Consolidating position through increasing product range and availability, controlling costs, improving sourcing, supply chain efficiencies and strengthening third party brand relationships

- Successfully expanded international retail

  Opened seven new stores

- Brands division good progress

  Growth in brands licensing – 41 new licences signed during the year

  Further consolidation of Brands division management in Shirebrook

CONTENTS

Simon Bentley
Acting Non-Executive Chairman

In a very challenging market environment, the Group's relentless focus on the basics of retailing has resulted in the delivery of what are very creditable, solid results. We grew sales in both Retail and Brands divisions, and while we have seen a decline in gross margin and a corresponding drop in underlying EBITDA, that was caused almost entirely by the fall in the value of the pound.

We maintained our position as the UK's leading sports retailer by continuing to implement our back to basics strategy – offering the most comprehensive product range, ensuring stock availability, closely controlling costs and making efficiencies where possible. During the year the Group developed its relationships further with our third party brand suppliers, many who have offices within our head office at Shirebrook.

We improved stock control and sourcing within International Retail. We were very pleased with the Group's ability to sign an agreement, produce the goods and roll out branded areas in 121 stores in China within a four month period from start to finish.

During the year we opened 27 stores in the UK (excluding Northern Ireland), nine stores in the Republic of Ireland and Northern Ireland through Heatons, and seven stores in Europe; including our first stores in Cyprus.

The Group continued to consolidate the Brands division management at Shirebrook. Licensing remains the key driver of growth within the division, and we signed 41 new licence deals during the year.

The Board has decided not to recommend the payment of a final dividend this year as we believe reducing debt should be our priority. We will continue to keep this under review.

OUR STRATEGY FOR GROWTH

We have established an excellent platform for growth, which we will build on with our proposed EBITDA related share bonus scheme, of which there are more details on page 24.

Our priorities going forward are to:

- Continue to strengthen our position in our core UK market
- Continue to develop our international store portfolio
- Maintain our brand market leading positions
- Reduce debt with a target of achieving below £400m in the 2009-10 financial year

Finally I wish to pay tribute to the hard work of all our people, from my colleagues on the Board to our people in the stores, and thank them for all their endeavours.

Simon Bentley
Acting Non-Executive Chairman
16 July 2009

Dave Forsey
Chief Executive

OVERVIEW OF FINANCIAL PERFORMANCE

In the 52 weeks ended 26 April 2009 (the Year), Group revenue was up 8.6% at £1,367m compared with revenue of £1,260m for the 52 weeks ended 27 April 2008. At constant exchange rates the increase was 5.1%. UK Retail sales were up 5.1% and broke through £1bn again to £1,006m (2008: £958m). Adjusted for acquisitions and disposals of subsidiaries, UK Retail sales in 2009 increased by 9.2%.

The Group strengthened revenues in other core business segments. International retail sales were up 32.3% to £102.3m (2008: £77.3m); on a currency neutral basis the increase was 12.6%. Brands division revenue rose 19.7% to £230.5m (2008:£192.6m); 4.7% on a currency neutral basis. Within the division, wholesale revenues were up 18.7% to £203.6m (2008: £171.5m) and licensing revenues were up 27.5% to £26.9m (2008: £21.1m), both reflecting the full year impact of acquisitions in the prior year including Everlast, and the effect of a stronger US dollar.

Group gross margin in the Year fell by 280 basis points from 43.6% to 40.8%. In the Retail division margin fell by 300 basis points to 41.3% (2008: 44.3%). The main contributor to the fall in margin was UK Retail where margin fell to 42.5% (2008: 45.7%) as a result of the adverse movement of the US dollar and the challenging trading environment in the UK. Had the pound/dollar exchange rate remained at 2008 levels, gross margin in UK Retail would have been maintained at 45.7%.

Gross margin fell in the Brands division from 40.2% to 38.3%, due to the pressure on margins in the wholesale business in an increasingly competitive global market.

Administration costs include a realised exchange profit of £14.2m compared to a profit of £3.5m in the preceding year. The fair value adjustment on forward foreign exchange contracts required under IFRS is included in finance income (2008:costs) and this unrealised profit amounted to £12.6m as opposed to a £5.2m loss in 2008. These amounts are excluded from the definition of Underlying profit before tax and Underlying EBITDA used in the business and as reported here. The Group's holding of forward foreign exchange contracts has greatly reduced during the Year, reducing an element of potential volatility in reported profit, and we expect the holding to continue at or below the current low level in 2009/10.

Group Underlying EBITDA for the Year fell 8.9% to £136.8m (2008: £150.2m) and Group Underlying profit before tax fell 20.2% to £68.2m (2008: £85.4m), in both cases due to the decreases in margin.

There is a significant difference between Underlying and the lower reported profits before tax. Underlying profits before tax (and Underlying EBITDA) exclude exceptional items, which decreased profit by £30.5m, realised exchange profit/loss and IFRS revaluation of foreign currency contracts, which increased 2009 profits by £14.2m and £12.6m respectively, a £1.8m loss on fair value adjustments within associated undertakings and a £52.1m non-cash loss in the recorded value of investments previously provided for through equity and now charged to the Income Statement as a result of the derecognition of the investment for accounting purposes.

	EBITDA	PBT
	£m	£m
Reported	151.0	10.7
Realised FX Profit	(14.2)	(14.2)
IAS 39 FX Fair Value adjustment on forward currency contracts	-	(12.6)
Profit on disposal of listed investments	-	(1.0)
Derecognition of investments held by KSF	-	53.1
Exceptional items	-	30.5
Fair value adjustment within associates	-	1.7
Underlying	136.8	68.2

Capital expenditure in the Year amounted to £37.8m (2008: £128.8m). This included acquisitions of retail property, plant and equipment, including £6.4m (2008: £90.6m) on freehold property.

The Group continues to operate comfortably within it banking covenants. Our facilities are in place until April 2011 and we will commence discussions with our banks during the 2009-10 financial year.

Mindful that the financial markets remain difficult, we consider it is prudent that debt reduction should be priority. We are therefore targeting to reduce levels to below £400m by April 2010, which will be achieved by:

- Growing EBITDA
- Working capital turning positive by the year end, as we reduce inventory levels through the year
- Targeting a reduced level of capital expenditure, in the region of £20m, in the current year
- Further reductions in financing costs as a result of ongoing low interest rates (and the reduction in debt)
- Saving the cost of the final dividend

Net debt at year end decreased to £431.3m (2008: £465.2m), £20.3m of the reduction resulted from the accounting treatment of the arrangements with Kaupthing Singer and Friedlander (see page 11).

REVIEW BY BUSINESS SEGMENT

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008	Change
	(£'m)	(£'m)	%
Retail Revenue:			
UK Retail	1,006.5	957.7	
UK wholesale and other	28	31.9	
International Retail	102.3	77.3	
Total	**1,136.8**	**1,066.9**	**+6.6**
Cost of sales	(667.5)	(594.7)	
Gross margin	469.3	472.2	
Gross margin percentage	41.3%	44.3%	
Brands Revenue:			
Wholesale	203.6	171.5	
Licensing	26.9	21.1	
Total	**230.5**	**192.6**	**+19.7**
Cost of sales	(142.2)	(115.1)	
Gross margin	88.3	77.5	
Gross margin percentage	38.3%	40.2%	

BUSINESS REVIEW

Despite tough economic conditions, revenue grew in both the Retail and Brands divisions, but underlying EBITDA fell notwithstanding good cost control across the Group, almost entirely due to the strengthening of the US dollar. We continue to focus our efforts on UK Retail, where our attention to the basics of retailing leaves us well positioned for growth.

RETAIL DIVISION

The Group's retail businesses performed strongly in a very difficult economic environment. Our retail model, offering considerable value to our customers, proved as resilient as we expected it to be both in the UK and internationally.

We focused on back to basics, offering the customer the most comprehensive range and the best product availability, and reducing our costs wherever possible, By way of example, in our Corporate and Social Responsibility Report we describe some of the steps that we took to reduce our energy consumption at a time when energy costs were increasing significantly. We continued to review our store portfolio carefully, looking at the performance of each store and ways of maximising it, and examined rigorously every proposal to open or acquire a retail outlet. We continued to develop our store layout, and to incentivise our store staff in ways that encourage better performance. Our "state-of-the-art" national distribution centre at Shirebrook continued to deliver efficiencies.

Sales in the division rose by 6.6% (10.3% excluding the impact of prior year disposals), and in the UK by 5.1% (9.2% excluding prior year disposals). In the second half of the Year sales growth accelerated due to both the impact of new store openings, the attractiveness of our offer compared with that of our competitors, and product availability.

We continued to work well with our major third party brand suppliers. Nike, Umbro, adidas, Reebok and Puma all have their own offices in our Shirebrook head office, and that enables us to work very closely with them on a day to day basis.

During the Year we strengthened our running category, through our partnership with Sweatshop and the creation of a "she runs he runs" section within our UK stores.

None of the home nations qualified for the Euro 2008 football championships. Undoubtedly sales in 2008-09, particularly in the first half, were significantly affected by that lack of home nations' participation in a major international football competition.

Gross margin in the division during the Year was adversely affected by the weakness of the pound against the US dollar. Margin in the division fell from 44.3% to 41.3% in the Year, and in the UK from 45.7% to 42.5%, with the greatest fall in margin coming in the second half of the Year. Almost all the Group branded goods that we sell in our stores are bought in US dollars, and we calculate the cost price of these goods in sterling by applying the average exchange rate for the year. Had the pound/dollar exchange rate remained at 2008 levels gross margin in UK Retail would have been 45.7%. We expect the percentage margins in 2009-10 to remain at similar levels to the actual level in 2008-09.

UK Retail like-for-like gross contribution increased by 2.5% over the 12 month period. This is the first time we have reported this KPI.

Underlying costs in UK Retail were closely controlled, rising by only 0.7% in the Year, in spite of significant increases in the cost of energy, the minimum wage, an increase in floor space and a rise in sales of just over 5%.

During the Year the Office of Fair Trading (OFT) investigated our acquisition of stores from JJB Sports, and concluded that in five locations they raised some concerns. We are currently working with the OFT to agree undertakings regarding divestment of five stores.

International Retail revenue for the 52 weeks was up 32.3% to £102.3m (2008: £77.3m). On a currency neutral basis the sales increase was 12.6%. We opened seven new stores across Europe in the period, in line with our plans for developing our international store portfolio, and trading has been satisfactory in those new stores.

International Retail grew gross margin by 170 basis points, largely due to improved stock control and sourcing.

By July 2008 trial branded areas within stores had been opened in 121 of the larger ITAT stores in China, stocked with a bespoke product range designed and manufactured for the Chinese market. We were extremely pleased with the execution of the roll out and merchandising of the branded areas and feedback was that the product range was well received by consumers. We were in discussions with ITAT management concerning the development of the business, and some issues were proving difficult to resolve, but ITAT has very recently been acquired by one of its largest suppliers, and those discussions are now on hold. Accordingly, we consider it prudent to make a provision against the cost of fixtures, fittings and stock currently held in China.

Our internet retail business continues to grow strongly, albeit from a low base, and we continue to build systems and fulfilment capability within our Shirebrook facility.

STORE PORTFOLIO

As of 26 April 2009, we operated 359 stores in the UK (excluding Northern Ireland), a total retail sales space of circa 3.5m sq ft (2008: circa 3.4m sq ft). Through the Group's 42.5% shareholding in the Heatons chain, it has products in eight stores in Northern Ireland and 22 stores in the Republic of Ireland.

We closed a net 16 stores in the year, with 27 new Sports Direct stores opened in the UK including three relocations. All new stores are operating under the sportsdirect.com fascia. We closed or disposed of 40 stores (excluding the three relocations) which were typically smaller non-core stores.

We have rigorous criteria that must be satisfied before any new store opening or acquisition is agreed, and we will continue to apply them. We are now targeting circa between 10 and 15 new core stores in the UK excluding Northern Ireland this year.

Internationally, as at 26 April 2009 we operated 43 stores in Belgium, 13 in Slovenia, four in Holland, two in Cyprus and one in Luxembourg. The stores in Belgium, Holland, Luxembourg and Slovenia are wholly owned by the Group, and those in Cyprus are within a store under an agreement with a local retailer. We continue with our strategy to identify partners in new territories whilst continuing to expand our operations in the countries where we currently trade.

BRANDS DIVISION

Total Brands revenue was up 19.7% to £230.5m (2008: £192.6m) up 4.7% on a currency neutral basis.

Within this, wholesale revenue was up 18.7% to £203.6m (2008: £171.5m). Revenue from licensing was up 27.5% to £26.9m (2008: £21.1m).

Gross margin decreased to 38.3% from 40.2%, due to the need to remain competitive in a number of markets in order to retain market share in a difficult trading environment.

The consolidation of the Brands division management into Shirebrook continued, and costs were tightly controlled as systems and controls were standardised. Payroll costs in the division reduced significantly.

Growth in the licensing business remains the preferred avenue for development of the Brands business outside the UK and 41 new licensing agreements were signed during the Year with a minimum guaranteed contract value of 60m US dollars over their terms, including licences in the United States for Donnay rackets and golf, Lonsdale boxing equipment, Dunlop sports apparel and Kangol clothing.

The business continues to sponsor and receive endorsements from leading players and tournaments including Slazenger's 107th year as the official ball supplier for the Wimbledon championships, sponsorship of Paul Collingwood, England's captain at the ICC World Twenty20 cricket competition, and the England mens and womens national hockey teams.

During the Year we greatly expanded our cycle category following the acquisition of Universal Cycles, and launched our online cycle business, cyclesdirect.com. We also acquired the 20% minority shareholding in Lonsdale Sports not previously owned by the Group.

During the Year we made a number of small brands acquisitions such as Golddigga.

Operating costs increased in the division due to the full year inclusion of acquisitions such as Everlast, and the impact of the weak pound on non-sterling costs when translated into sterling.

STRATEGIC INVESTMENTS

During the Year we reduced our strategic investments in other related businesses. We still believe that in the right circumstances taking strategic investments is beneficial for the Group, and the Board will continue to evaluate opportunities. However strategic investments compete with other priorities, including debt reduction, for cash, and it is unlikely that further significant investments will be made in the short term. In addition, as explained in the Financial Review on page 11, we have for accounting purposes derecognised the strategic investments held through arrangements with Kaupthing Singer and Friedlander.

CONTRACTS ESSENTIAL TO THE BUSINESS OF THE GROUP

The Group has long established relationships with Nike and adidas, the major suppliers of third party branded sporting goods, particularly footwear, and considers that continued supplies from these companies is critical to the business of the Group.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT AND PERFORMANCE OF THE GROUP'S BUSINESSES

The Group's retail businesses will undoubtedly be affected by the economic climate and changes in it. Changes in interest rates and exchange rates affect the businesses directly, and consumer confidence and spending is affected by a wide range of factors including employment, tax and interest rates, house prices and the general 'feel good factor', most if not all of which the Group cannot influence.

The above factors also influence and impact on our many retail competitors, who may also be affected by other matters relating to the general economic climate, such as the availability of finance, and also our suppliers may react differently to the changing economic environment.

All of the above apply equally to our Brands businesses, both wholesale and retail. Reduction in customer demand is reflected in the wholesaling and licensing business, as orders and royalties are affected. Moreover, in difficult economic times suppliers come under increasing pressure to reduce their prices to their customers, and all suppliers run the risk of their customers ceasing to trade, reducing demands for their products. Difficult economic times also sometimes make it difficult for suppliers to obtain credit insurance in respect of some customers, leaving the supplier with a difficult question of whether or not to supply and, if they do, with the attendant risk of bad debts.

We have later in this report commented on risks and uncertainties that relate to the Group's businesses, and while we manage risks to reduce, where possible, the likelihood of their occurring and their impact if they do, they are factors that could influence the Group or part of it.

We anticipate that the football World Cup in 2010 will be a major opportunity for the UK Retail business, but given the likely launch of new football strips in March - a month later than in previous years - it's impact (subject to qualification of the home nations – and in particular England) will come later in the calendar year than hitherto, and will be largely reflected in the 2010–11 financial year.

As previously commented, the Group's holding of forward foreign exchange contracts has greatly reduced during the Year, reducing an element of potential volatility in reported profit, and we expect the holding to continue at or below the current low level in 2009–10.

ENVIRONMENTAL MATTERS

A review of the assessment of the Group's impact on the environment, is included in the Corporate Social Responsibility Report on page 29.

EMPLOYEES

The hard work and loyalty of our employees are key to our success, and we intend to motivate them and enable them to share in the Group's success by seeking shareholder approval at the AGM for a new bonus scheme.

The bonus scheme is intended to drive underlying EBITDA, and to motivate and help improve retention of key employees, to encourage those employees participation in the shares of the Company and to align the interests of those employees and shareholders.

All permanent UK employees in UK Retail, Brands and Head Office with at least one year's service at the beginning of 2009/10 will participate. The scheme will replace, where relevant, existing annual bonus schemes, but not workplace based schemes. The bonus targets are stretch targets, and are net of scheme costs.

The bonus is in two stages. The first bonus is 25% of base pay in shares at £1.00 per share. The first bonus target is Underlying EBITDA of £155m in 2009-10. The first bonus will vest two years after the EBITDA target of £155m is reached, and is subject to continuous employment until then.

The second bonus is 75% of base pay in shares at £1.25 per share. The second stage of the bonus is conditional upon the first bonus target being met in 2009-10, and the second bonus targets are Underlying EBITDA of £195m in 2010-2011, and Underlying EBITDA/Net Debt ratio of 2 or less at the end of 2010-11. The shares vest, subject to continuous employment until then, 2 years after the second bonus targets are met.

SHIREBROOK CAMPUS

The Group continues to invest in infrastructure, and the process of consolidating the Brands business, including acquired businesses, at Shirebrook continues.

RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

Risks are an inherent part of the business world. The Group has identified the following factors as potential risks to, and uncertainties concerning, the successful operation of its business.

SUPPLY CHAIN

Any disruption or other adverse event affecting the Group's relationship with any of its major manufacturers or suppliers, or a failure to replace any of its major manufacturers or suppliers on commercially reasonable terms, could have an adverse effect on the Group's business, operating profit or overall financial condition.

FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency, as exchange rates move. As explained above, in the Group's case, the majority of contracts relating to the sourcing of Group branded goods are denominated in US dollars, and a strengthening of the dollar or a weakening of the pound sterling makes those goods more expensive.

The Group historically hedged the risk of currency movements using forward purchases of foreign currency, but has determined to reduce that hedging significantly.

The Group also holds assets overseas in local currency, and these assets are revalued in accordance with currency movements. This currency risk is not hedged.

INTEREST RATE RISK
The Group has net borrowings, which are principally at floating interest rates linked to bank base rates or LIBOR. The Group does not use interest rate financial instruments to hedge its exposure to interest rate movements.

CREDIT RISK
The Group could have a credit risk if credit evaluations were not performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

FUNDING AND LIQUIDITY RISK
Funding and liquidity for the Group's operations are provided through bank loans, overdrafts and shareholders funds. The object is to maintain sufficient funding and liquidity for the Group's requirements, but the availability of adequate cash resources from bank facilities and achieving continuity of funding in the current financial climate could be a risk to the Group in future years.

INVESTMENT RISK
The Group also holds shares in publicly listed companies and fluctuations in their share prices will have a financial impact on the business results.

RELIANCE ON NON UK MANUFACTURERS
The Group is reliant on manufacturers in developing countries as the majority of the Group's products are sourced from outside the UK. The Group is therefore subject to the risks associated with international trade and transport as well as those relating to exposure to different legal and other standards.

PENSIONS
Some subsidiaries in the Group make contributions to certain occupational defined benefits pension schemes. An increase in the Schemes funding needs or changes to obligations in respect of the schemes could have an adverse impact on the Group's business.

MARKET FORCES
The sports retail industry is highly competitive and the Group currently competes at national and local levels with a wide variety of retailers of varying sizes who may have competitive advantages, and new competitors may enter the market. Such competition continues to place pressure on the Group's pricing strategy, margins and profitability.

OPERATIONAL
Any significant disruption to the operations of the Group, divisional head offices and the national distribution centre at Shirebrook, or interruption to the smooth running of the Group's fleet of vehicles, might significantly impact its ability to manage its operations, distribute products to its stores and maintain its supply chain.

Any long term interruption of the Group's IT systems would have a significant impact on the Group's operation, particularly in the Retail division.

BUSINESS CONTINUITY AND ACTS OF TERRORISM
The majority of the Group's revenue is derived from the UK and accordingly any terrorist attacks, armed conflicts or government actions within the UK could result in a significant reduction in consumer confidence, which would in turn have an adverse affect on sales in stores.

LEGAL
The Group's trade marks, patents, designs and other intellectual property rights are central to the value of the Group brands. Third parties may try to challenge the ownership or counterfeit the Group's intellectual property. The Group may need to resort to litigation in the future to enforce its intellectual property rights and any litigation could result in substantial costs and a diversion of resources. The Group believes that its licensees, suppliers, agents and distributors are in material compliance with employment, environmental and other laws. The violation, or allegations of a violation, of such laws or regulations, by any of the Group's licensees, suppliers, agents or distributors, could lead to adverse publicity and a decline in public demand for the Group's products, or require the Group to incur expenditure or make changes to its supply chain and other business arrangements to ensure compliance.

SALES
The Group's retail businesses are subject to seasonal peaks. The incidence and participation in major sporting events will have a particular impact on the UK Retail business. Prolonged unseasonal weather conditions or temporary severe weather during peak trading seasons could also have a material adverse effect on the Group's businesses.

CONSUMERS
The Group's success and sales are dependent, in part, on the strength and reputation of the brands it sells, and are subject to consumers' perceptions of the Group and of its products, which can fall out of favour. Adverse publicity concerning any of the Group brands or manufacturers or suppliers could lead to substantial erosion in the reputation of, or value associated with, the Group.

RESEARCH AND DEVELOPMENT
The Group's success depends on the strength of the Group brands and, to a lesser extent, the licensed-in brands. The Group's efforts to continually develop or obtain brands in a timely manner or at all may be unsuccessful.

MANAGEMENT AND MITIGATION OF RISK
The identification and management of risk is a continuous process, and the Group's system of internal controls and the Group's business continuity programmes are key elements of that. The Group maintains a system of controls to manage the business and to protect its assets. We continue to invest in people, systems and in IT to manage the Group's operations and its finances effectively and efficiently.

The Group has a credit policy in place and the exposure to risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount, and concentration of credit risk is managed. Investment of cash surplus, borrowings and derivative investments are made through banks and companies which have credit ratings and investment criteria approved by the Board.

The Group's follows policies of forging long term relationships with suppliers and of utilising two leading supply chain companies to procure much of the Group's own branded goods is described on page 29 in the Corporate and Social Responsibility Report. Many risks relating to the supply chain, reliance on non-UK suppliers, and to the reputation of the Group's brands are managed and mitigated by the implementation of those policies.

Close monitoring of the market, competitors, the economy, consumer confidence, participation in major sporting events, the weather, companies in which the Group holds strategic stakes, the behaviour of licensees, and of possible infringement of intellectual property, and the development of contingency plans and rapid response to changing circumstances manages and does much to mitigate the risks caused by these factors.

The Group maintains close contact with its bank and will address the renewal of its facilities in 2009/10.

The business continuity programme addresses the risk of disruption to the Shirebrook campus. Accordingly the Board is confident that as far as is practical the risks and uncertainties that face the Group are being monitored and managed and that where required appropriate action is being taken.

KEY PERFORMANCE INDICATORS

The Board monitors the performance of the Group by reference to a number of key performance indicators (KPIs), which are discussed fully in this Chief Executive's Report and Business Review, and also in the Financial Review, and in the Corporate and Social Responsibility Report on pages 9 to 12 and 28 to 30 respectively. The most important of these KPIs are:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
Financial KPIs		
Group revenue	£1,367m	£1,260m
Underlying EBITDA [1]	£136.8m	£150.2m
UK Retail gross margin	42.5%	45.7%
UK Retail like-for-like stores gross contribution [2]	+2.5%	-
Underlying earnings per share [3]	7.93p	8.57p
Non Financial KPIs		
No. of core stores [4]	292	272
Customer complaints % change [5]	-7.49%	-
Employee turnover [6]	29.0%	38.4%
Cardboard recycling	6,007 tonnes	5,558 tonnes

(1) The way in which Underlying EBITDA is calculated is set out in the Financial Review on page 9.

(2) Like-for-like gross contribution for UK Retail is percentage change in successive 12 month periods. Like-for-like gross contribution is adjusted to eliminate the impact of foreign currency movements. A like-for-like store is one that has been trading for the full 12 months in both periods, and has not been affected by a significant change such as a refit. Store gross contribution is the excess of sales revenue (net of VAT) over the cost of goods sold. The gross contribution would only be adjusted if a significant promotion affected the comparison. This is the first year that this KPI has been reported.

(3) The way in which Underlying earnings per share is calculated is set out in the Financial Review on page 10.

(4) A core store is a store acquired and fitted out by the Group or otherwise so designated.

(5) The monitoring of customer complaints is described in the Corporate and Social Responsibility Report on page 28. Records containing complaints received prior to the beginning of 2007-08 were not retained, and accordingly annual percentage change in customer complaints in 2008 is not available.

(6) Employee turnover was affected in both the Year and in 2007-08 by the relocation of head office, retail and brand support functions, and warehousing and distribution activities to Shirebrook throughout these periods.

OUR STRATEGY FOR GROWTH

We will focus on growing the core UK Retail business by continuing to drive efficiencies and deliver outstanding value to our customers. We have established an excellent platform for growth, which we will build on with our proposed EBITDA related share bonus scheme.

In order to develop our store portfolio, both in the UK and internationally, we will continue to evaluate opportunities and will take them when we believe there is quantifiable and significant benefit in doing so.

We have learned valuable lessons in China that we will be able to apply both there and in other parts of the world.

Outside the UK our brands business will focus on licensing opportunities and continue to restructuring of the wholesale businesses. We will continue to invest in our Brands through advertising and promise to spend and develop grass roots initiatives.

We believe that making acquisitions and taking strategic investments in other related businesses is beneficial for the Group, and we will continue to evaluate opportunities while, for the time being, being mindful of the priority to reduce debt.

OUTLOOK FOR THE CURRENT YEAR

The Board is confident that our initiatives and hard work across all areas of the Group leaves us well positioned for the next phase of growth. Accordingly, at current exchange rates, we are expecting Underlying EBITDA to be at least £140m this financial year.

Dave Forsey
Chief Executive
16 July 2009

Bob Mellors
Group Finance Director

BASIS OF REPORTING

The financial statements for the Group for the 52 weeks ended 26 April 2009 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008	Change
	(£'m)	(£'m)	%
Revenue:	**1,367.3**	**1,259.5**	**+8.6**
Underlying EBITDA	136.8	150.2	-8.9
Underlying profit before tax	68.2	85.4	-20.2
Reported profit before taxation	10.7	118.9	-91.0
	Pence per share	Pence per share	
Basic EPS	(2.79)	12.23	-122.8
Underlying EPS	7.93	8.57	-7.5

The directors believe that Underlying EBITDA, Underlying profit before tax and Underlying earnings per share provide more useful information for shareholders on the underlying performance of the business than the reported numbers and are consistent with how business performance is measured internally. They are not recognised profit measures under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

EBITDA is earnings before investment income, finance income and finance costs, tax, depreciation and amortisation and therefore includes the Group's share of profit of associated undertakings and joint ventures. Underlying EBITDA is calculated as EBITDA before the impact of foreign exchange, and any exceptional and other non-trading items.

REVENUE AND MARGIN

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008	Change
	(£'m)	(£'m)	%
Retail revenue:			
UK Retail	1,006.5	957.7	+5.1
UK wholesale and property	28.0	31.9	-12.2
International Retail	102.3	77.3	+32.3
Total	**1,136.8**	**1,066.9**	**+6.6**
Brands Revenue:			
Wholesale	203.6	171.5	+18.7
Licensing	26.9	21.1	+27.5
Total	**230.5**	**192.6**	**+19.7**
Total revenue	**1,367.3**	**1,259.5**	**+8.6**

Total Group revenue increased by 8.6%.

Retail revenue increased by 6.6%. The UK accounted for 91.0% of total retail revenues with the balance in continental European stores.

UK wholesale and other includes income on property transactions which is not regarded as being exceptional or non recurring totalling £Nil at no margin (2008: £10.5m at no margin).

Retail margins in the UK decreased from 45.7% to 42.5%.

Our representation in both parts of Ireland is covered by Heatons, in which we have a 42.5% interest, the results of which are reported as an associate.

Brands revenue increased by 19.7%, including the full year effect of prior year acquisitions such as Everlast. Licensing income increased by 27.5%, with an increase in wholesale revenue of 18.7%. The contribution made by Everlast in the year for revenue and profit after taxation amounted to £35.9m and £4.4m respectively.

Brands margins decreased from 40.2% to 38.3%.

SELLING, DISTRIBUTION AND ADMINISTRATION COSTS

Selling, distribution and administration costs for the Group decreased as a percentage of revenue. This was as a result of the cost and efficiency savings offsetting inflation.

FOREIGN EXCHANGE

The Group manages the impact of currency movements through the use of forward fixed rate currency purchase and sales contracts. The Group's policy has been to hold or hedge up to four years (with generally a minimum of one year) on anticipated purchases in foreign currency. During the Year the holding of forward purchase contracts has been significantly reduced.

The exchange gain of £14.2m (2008: £3.5m gain) included in administration costs have arisen from:

a) accepting dollars and Euros at the contracted rate; and
b) the translation of dollars and Euro denominated assets and liabilities at the period end rate or date of realisation

The exchange gain of £12.6m (2008: £5.2m loss) included in finance income substantially represents the reduction in the mark-to-market provision made (under IFRS) for the forward contracts at 26 April 2009 in anticipation of the loss which may be realised in the accounts to 25 April 2010.

The sterling exchange rate with the US dollar at 27 April 2008 was $1.986 and $1.471 at 26 April 2009.

EXCEPTIONAL OPERATING COSTS AND REVENUES

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	(£'m)	(£'m)
Impairment of intangible assets	14.8	-
Impairment of freehold property	15.7	-
	30.5	

The impairment of freehold property was recognised to reflect the fall in market values of commercial property in the last year.

The impairment of intangible assets was recognised to reflect an increase in discount rate to reflect specific risk factors and a softening in sales growth as a result of the economic climate.

FINANCE INCOME

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	(£'m)	(£'m)
Bank interest receivable	1.2	3.1
Expected return on pension plan assets	2.1	2.3
Fair value adjustment to forward foreign exchange contracts	12.6	-
	15.9	**5.4**

The profit on the fair valuing of forward foreign exchange contracts arises under IFRS as a result of marking to market at the period end those contracts held to hedge the Group's currency risk.

FINANCE COSTS

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	(£'m)	(£'m)
Interest on bank loans and overdrafts	(20.0)	(33.0)
Interest on other loans	(1.1)	(4.5)
Interest on retirement benefit obligations	(2.5)	(2.3)
Fair value adjustment to forward foreign exchange contracts	-	(5.2)
	(23.6)	**(45.0)**

The fall in interest payable is a result of the reduction in interest rates during the year and a lower average level of debt compared with the prior year.

TAXATION

The effective tax rate on profit before tax for 2009 was 245.6% (2008: 34.6%). This rate reflects tax relief being unavailable on the derecognition of listed investments and the impairment of freehold property, as well as depreciation on non-qualifying assets and the non-relievable losses in certain overseas subsidiaries. Excluding the impact of the derecognition of listed investments and the impairment of freehold property, the effective rate would be 32.9%.

EARNINGS

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008	Change
	pence per share	pence per share	%
Basic EPS	(2.79)	12.23	-122.8
Underlying EPS	7.93	8.57	-7.5
Weighted average number of shares (actual)	568,452,000	639,010,000	-11.0

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the actual financial period.

The Underlying EPS reflects the underlying performance of the business compared with the prior year and is calculated using the weighted average number of shares. It is not a recognised profit measure under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

The items adjusted for arriving at the Underlying profit are as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	(£'m)	(£'m)
(Loss)/profit after tax:	(15.8)	78.1
Post tax effect of Exceptional items:		
(Loss)/profit on disposal of listed investments net of interest	(1.0)	(24.6)
Derecognition of listed investments	53.2	-
Fair value adjustment to forward foreign exchange contracts	(8.5)	3.6
Realised profit on forward foreign exchange contracts	(9.6)	(2.4)
Impairment of freehold property	15.6	-
Impairment of intangible assets	10.0	-
Fair value adjustment within associated undertakings	1.2	
Underlying profit after tax	**45.1**	**54.7**

DIVIDENDS

A final dividend of 2.44p per share (totalling £13.87m), in respect of the year ended 27 April 2008, was paid on 31 October 2008 to shareholders on the register at 3 October 2008.

An interim dividend of 1.22p per share (totalling £6.94m), in respect of the year ended 26 April 2009, was paid on 30 April 2009 to shareholders on the register at 3 April 2009.

CAPITAL EXPENDITURE

Capital expenditure amounted to £37.8m (2008: £128.8m). This included £6.4m (2008: £90.6m) on freehold property. The prior year includes a freehold office in London was acquired for £31.9m and the purchase of freehold stores. The remaining balance includes intangibles such as licenses.

ACQUISITIONS

The Group spent £6.6m on acquisitions during the Year. The principal acquisition was the remaining 20% of share capital in Lonsdale Sports which was not previously owned by the Group. This has been accounted for as a movement between minority interests and goodwill.

STRATEGIC INVESTMENTS

During the Year the Group held investments in Amer Sports, Blacks Leisure, JD Sports and JJB Sports. Changes in the value of these shares are recognised directly in equity, while for Contracts for Difference they are recognised in the Income Statement, in accordance with IFRS.

	26 April 2009
	(£'m)
Total available for sale investments at 27 April 2008	65.7
Additions in the period	4.9
Disposal proceeds in the period	(12.8)
Profit taken to the income statement	2.4
Fair value adjustments taken through equity	(28.6)
Derecognition of shares held by KSF	(26.1)
Total available for sale investments at 26 April 2009	**5.5**

We have previously reported that our strategic stakes were held by Kaupthing Singer & Friedlander (KSF) and partly financed by them. On 8 October 2008 KSF went into administration and we are in dispute with the administrators concerning the ownership of the shares they hold. We have now concluded that, while we continue to maintain that the shares are ours and should be delivered to us, we may not "control" the shares for accounting purposes. We have therefore treated them in the accounts as having been derecognised. Doing so has no impact on net assets as the value of the shares (£26.1m) has been replaced by a reduction in creditors (£20.3m owed to KSF) and the creation of a £5.9m debtor. It has however, had a significant impact on reported profit as the loss in value of the Black's shareholding which was previously charged to the statement of recognised income and expense has now been taken to the Income Statement.

The respective shareholdings at 26 April 2009 and 27 April 2008 (not reflecting the derecognition for accounting purposes) were as follows:

	At 26 April 2009		At 27 April 2008	
	Shares 'm	Holding	Shares 'm	Holding
Blacks Leisure Group	12.728	29.85%	12.728	29.85%
Amer Sports Corporation	1.066	1.48%	1.066	1.48%
JD Sports Fashion	6.475	13.31%	5.955	12.34
adidas AG	-	-	0.398	0.02%
JJB Sports	11.944	4.76%	-	-
Other	-	-	-	-

CASH FLOW AND NET DEBT

In addition to the amounts invested in capital expenditure and acquisitions, the Group received a net £8.9m cash inflow from the purchase and disposal of strategic investments. Net debt decreased to £431.3m at 26 April 2009 from £465.2m at 27 April 2008. £20.3m of the reduction in Net Debt resulted from the derecognition of the loan used to finance strategic investments held by KSF.

The analysis of debt at 26 April 2009 was as follows:

	At 26 April 2009	At 27 April 2008
	(£'m)	(£'m)
Cash and cash equivalents	32.4	25.4
Borrowings	(463.7)	(490.6)
Net debt	**(431.3)**	**(465.2)**

CASH FLOW

Total movement is as follows:

	At 26 April 2009	At 27 April 2008
	(£'m)	(£'m)
Underlying EBITDA	136.8	150.2
Realised profit on forward foreign exchange contracts	14.2	3.5
Taxes paid	(25.3)	(37.7)
Free cash flow	125.7	116.0
Invested in:-		
Working capital and other	(31.5)	(90.5)
Acquisitions (including debt)	(6.6)	(120.1)
Net proceeds from investments	8.9	45.5
Reduction in KSF debt	20.3	-
Net capital expenditure	(34.8)	(132.4)
Share buy back programme	-	(201.5)
Equity dividend paid	(25.6)	(7.4)
Finance costs and other financing activities	(22.5)	(36.7)
Decrease/(increase) in net debt	**33.9**	**(427.1)**

RECONCILIATION OF MOVEMENT IN EQUITY

Total equity movement is as follows:

	(£'m)
Total equity at 27 April 2008	128.4
Loss after tax for the 52 weeks ended 26 April 2009	(15.8)
Items taken directly to equity:	
Exchange differences on translation of foreign operations	(44.6)
Actuarial loss on pension	(0.4)
Fair value adjustment in respect of available-for-sale financial assets	(28.6)
Transfer of historic losses on available-for-sale financial assets	53.2
Tax on items taken directly to equity	(6.9)
Movement in equity issues:	
Movement in Minority interests	-
Dividends paid/declared	(20.8)
Total equity at 26 April 2009	**153.7**

PENSIONS

The Group operates a number of closed defined benefit schemes in the Dunlop Slazenger companies. The net deficit in these schemes increased from £11.7m at 27 April 2008 to £12.4m at 26 April 2009.

Bob Mellors
Finance Director
16 July 2009

Simon Bentley
Acting Non-Executive Chairman

Simon Bentley (aged 54) was appointed to the board on 2 March 2007 and Acting Chairman on 31 May 2007. He is also Chairman of the Audit Committee and a member of the Remuneration Committee. As Acting Chairman he chairs the Nominations Committee. Simon qualified as a chartered accountant in 1980 and in 1987 joined Blacks Leisure Group plc where he was Chairman and Chief Executive for 12 years until 2002. Simon chairs and is on the board of a range of companies and organisations. Among these, he is Deputy Chairman of the solicitors Mishcon de Reya and a Senior Trustee of The Leadership Trust. He is the Chairman of hair product brand Umberto Giannini and the hotelier Maypole Group Plc. He has lengthy experience of the sporting goods industry and is a Director of the UK's leading five-a-side football centre operator, Powerleague.

Mike Ashley
Executive Deputy Chairman

Mike Ashley (aged 44) established the business of the Group on leaving school in 1982 and was the sole owner of the business until the Company's listing in March 2007. Mike is the Executive Deputy Chairman and is responsible for formulating the vision and strategy of the Company. Mike is a member of the Board's Nomination Committee.

Dave Forsey
Chief Executive

Dave Forsey (aged 43) has been with the business for over 24 years, during which he has acquired significant knowledge and experience. He is Chief Executive and has overall responsibility for the business.

Bob Mellors
Group Finance Director

Bob Mellors (aged 59) has been the Group's Finance Director since 2004. A graduate in economics, he qualified with PriceWaterhouseCoopers in London before joining Eacott Worrall, where Sports Direct became a client in 1982. He was managing partner and head of corporate finance at Eacott Worrall before joining the business.

Malcolm Dalgleish
Non-Executive Director

Malcolm Dalgleish (57) joined the Board on 25 October 2007. Malcolm is currently head of retail in the Europe, Middle East and Africa area at CB Richard Ellis. In 2005 CBRE acquired Dalgleish - the leading retail real estate services specialist in the UK, which Malcolm founded in 1979 and of which he was the principal shareholder. Malcolm is a member of the Board's Audit, Nomination and Remuneration Committee.

David Singleton
Senior Independent Non-Executive Director

Dave Singleton (aged 58) joined the Board on 25 October 2007. Dave spent 25 years with Reebok International Limited. He stepped down in April 2007 having helped to successfully integrate Reebok following its acquisition by adidas Group in January 2006. For eight years he was Vice President Northern Europe Region & UK and since 2003 he was Senior Vice President Europe, Middle East & Africa. Dave has an extensive senior management record and brings valuable experience of international sports brand operations. He is Chairman of the Board's Remuneration Committee and a member of the Board's Audit and Nomination Committees. He is also a director of Bolton Lads & Girls Club.

The directors of Sports Direct International plc present their annual report to shareholders, together with the audited consolidated financial statements for the Company and its subsidiaries for the 52 weeks ended 26 April 2009 (the Year).

This document contains a number of forward-looking statements relating to the Company and its subsidiaries (the Group) with respect to, amongst others, the following: financial conditions; results of operations; economic conditions in which the Group operates; the business of the Group and future benefits of the current management plans and objectives. The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ materially from the information presented in the relevant forward-looking statement. When used in this document the words "estimate", "project", "intend", "aim", "believe", "expect", "should", and similar expressions, as they relate to the Group and the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on the forward-looking statements which speak only as at the date of this document. Neither the directors nor any member of the Group undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the Listing Rules, and other regulations.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the Year were:

- Retailing of sports and leisure clothing, footwear and equipment;
- Wholesale distribution and sale of sports and leisure clothing, footwear and equipment under Group owned or licensed brands; and
- Licensing of Group brands.

Further information on the Group's principal activities is set out in About Sports Direct International plc at the front of this document and in the Chief Executive's Report and Business Review on pages 3 to 8.

RESULTS FOR THE YEAR

The trading results for the Year and the Group's financial position as at the end of the Year are shown in the attached Financial Statements, and discussed further in the Chief Executive's Report and Business Review and in the Financial Review on pages 3 to 8 and 9 to 12 respectively.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The statutory Business Review required by the Companies Act 2006 (the 2006 Act) is included in the Chief Executive's Report and Business Review, and in the Corporate and Social Responsibility Report on pages 3 to 8 and 28 to 30 respectively. A review of Group activities during the Year, together with the factors likely to affect its future development, performance and conditions, is included in the Chief Executive's Report and Business Review on pages 4 to 8. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the Financial Review on pages 9 to 12. The Chief Executive's Report and Business Review also describes on page 6 and 7 the principal risks and uncertainties that face the Group, and note 3 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital, its principal financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Details of the Group's Key Performance Indicators by reference to which the development, performance and position of the business can be measured effectively are stated in the Chief Executive's Report and Business Review on page 8.

The Corporate and Social Responsibility Report on pages 28 to 30 reports on environmental matters, including the impact of the Group's businesses on the environment, the Group's employees, and on social and community issues.

GOING CONCERN

As highlighted in note 25 to the Financial Statements, the Group finances its day to day working capital requirements and has made investments and conducted a share buy-back programme in the past, using a facility with the Bank of Scotland that is due for renewal in April 2011. The current economic conditions however, create some uncertainty in the economy and particularly in respect of the exchange rate between sterling and the US dollar which impacts on the cost of the Group's products manufactured in the Far East, and the availability of bank finance in the foreseeable future.

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of the current facility. The Group will open renewal negotiations with the bank during 2009/10 and has at this stage not sought any written commitments that the facility will be renewed. However, the Group regularly holds discussions with its bankers about its present and future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basic in preparing the Annual Report and Accounts.

APPROPRIATIONS

An interim dividend of 1.22p per share was paid to shareholders on the register at 30 April 2009.

GROUP STRUCTURE AND OPERATIONS

During the Year the Group acquired the 20% of Lonsdale Sports Limited not already owned by the Group and disposed of Streetwise Sports Limited.

SHARE CAPITAL

The authorised share capital of the Company is £100,000,000 divided into 999,500,010 ordinary shares of 10p each and 499,990 redeemable preference shares of 10p each.

The ordinary shares have all the rights that usually attach to such ordinary shares, including the right to receive dividends (if paid or declared), to receive notice and attend and vote at meetings of shareholders and (subject to what is said below concerning redeemable preference shares) to receive a share of the assets of the Company on any winding up.

The redeemable preference shares do not carry any right to receive a dividend or to participate in any distribution of the profits or assets of the Company, or to vote at meetings of shareholders, but holders of redeemable preference shares have the right to receive notice and attend meetings of shareholders and on any winding up of the Company the redeemable preference shares are redeemed at par in priority to any distribution to the holders of ordinary shares. No redeemable preference shares are in issue.

640,452,369 ordinary shares of 10p are in issue and fully paid of which 64,000,000 are currently held in Treasury. On 16 September 2008, 8,000,000 shares were sold from Treasury to the Sports Direct International plc Employee Benefit Trust (the EBT).

Grants in respect of 4,397,128 shares have been made under the Performance Share Plan, which is described in the Directors Remuneration Report on pages 23 to 24. The Trustee of the EBT has agreed to use shares held by them to satisfy awards that vest under that plan.

TRANSFER OF SHARES

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis.

The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

- is lodged, duly stamped (if stampable), at the registered office of the Company, or at another place appointed by the Board, accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- is in respect of one class of share only, and
- is in favour of not more than four persons.

The Board may refuse to register a transfer of shares in the Company by a person if those shares represent at least a 0.25% interest in the Company's shares or any class thereof and if, in respect of those shares, such person has been served with a restriction notice after failure (whether by such person or by another) to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006 (the 2006 Act), unless (i) the transfer is an approved transfer (as defined in the Articles of Association of the Company), (ii) the member is not himself in default as regards supplying the information required and certifies that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or (iii) the transfer of the shares is required to be registered by the Uncertificated Securities Regulations 2001.

If the Board refuses to register a transfer of a share in certificated form, it will send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company. No fee may be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

POWERS TO ISSUE SHARES

At the Company's Annual General Meeting on 10 September 2008:

- the directors of the Company were generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the 1985 Act), in substitution for all prior authorities conferred upon them, but without prejudice to any allotments made pursuant to the terms of such authorities, to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £19,215,078 for the period expiring (unless previously revoked, varied or renewed) at the conclusion of the next Annual General Meeting of the Company save that the Company may, before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired;

- the directors were empowered to allot equity securities (within the meaning of section 94 of the 1985 Act) for cash, pursuant to the general authorities described above in substitution for all prior powers conferred upon the Board but without prejudice to any allotments made pursuant to the terms of such powers, as if section 89(1) of the 1985 Act did not apply to any such allotment, such power being limited to:

    i) the allotment of equity securities in connection with an issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

    ii) the allotment of equity securities for cash (otherwise than as described in (i) above) up to an aggregate amount equal to 5% of the then issued and unconditionally allotted share capital of the Company provided always that such power expires (unless previously revoked, varied or renewed) at the conclusion of the next Annual General Meeting of the Company, save that the Company may, before the end of such period, make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

The authorities expire at the close of the next Annual General Meeting of the Company, but a contract to allot shares under these authorities may be made prior to the expiry of the authority and concluded in whole or part after the Annual General Meeting, and at that meeting similar authorities will be sought from shareholders.

THE COMPANY'S POWER TO PURCHASE SHARES

At the Company's Annual General Meeting on 10 September 2008 the Company was generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the 1985 Act) of ordinary shares of 10p each in the Company subject to the following conditions:

- the maximum aggregate number of ordinary shares authorised to be purchased is 57,645,236, representing 10% of the Company's issued ordinary share capital;

- the minimum price (exclusive of expenses) which may be paid for an ordinary share is 10p (being the nominal value of an ordinary share);

- the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of: (i) an amount equal to 105% of the average of the middle market quotations for the Ordinary Shares as derived from the London Stock Exchange Daily Official List of the five business days immediately preceding the day on which the share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System.

The above authority expires at the close of the next Annual General Meeting of the Company, but at that meeting a similar authority will be sought from shareholders.

SHAREHOLDERS

No shareholder enjoys any special control rights, and, except as set out above and below, there are no restrictions in the transfer of shares or of voting rights.

Mike Ashley and the Company have entered into a Relationship Agreement, pursuant to which Mike Ashley undertook to the Company that, for so long as he is entitled to exercise, or to control the exercise of, 15% or more of the rights to vote at general meetings of the Company, he will;

- conduct all transactions and relationships with any member of the Group on arm's length terms and on a normal commercial basis and with the approval of the non-executive directors;

- exercise his voting rights or other rights in support of the Company being managed in accordance with the Listing Rules and the principles of good governance set out in the Combined Code and not exercise any of his voting or other rights and powers to procure any amendment to the Articles of Association of the Company;

- other than through his interest in the Company, not have any interest in any business which sell sports apparel and equipment subject to certain rights, after notification to the Company, to acquire any such interest of less than 20% of the business concerned, and certain other limited exceptions, without receiving the prior approval of the non-executive directors;

- and not solicit for employment or employ any senior employee of the Company.

As at 16 July 2009, the following party had a significant direct or indirect share holding in the shares of the company:

	Number of shares held	Percentage of issued ordinary share capital with voting rights held	Nature of holding
MASH Holdings Limited	410,400,000	71.2%	Direct

MASH Holdings Limited is wholly owned by Mike Ashley.

SUPPLIERS

It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individually negotiated contracts) and for payment to be made in accordance with these terms, provided the supplier has complied with its obligations.

The number of days purchases outstanding for the Group's UK operations as 26 April 2009 was 36 days (2008: 27 days).

CONTRACTS ESSENTIAL TO THE BUSINESS OF THE COMPANY

The Chief Executive's Report and Business Review sets out on page 5 information about persons with whom the Company has contractual or other arrangements which are essential or material to the business of the Group.

TAKEOVERS

The directors do not believe there are any significant contracts that may change in the event of a successful takeover of the Company. Details of the impact of any successful takeover of the Company on directors' bonus and share schemes are set out in the Directors' Remuneration Report on pages 23 and 24. Executive Directors' service contracts and non-executive directors' appointment letters contain no specific provisions relating to any takeover of the Company.

EMPLOYEE SHARE SCHEMES

Details of the Performance Share Plan and share awards made thereunder are set out in the Directors' Remuneration Report on pages 23 and 24, and on page 26. No performance period has yet been completed under that plan. At the next Annual General Meeting of the Company the Company intends to seek approval of the establishment of the Bonus Share Scheme details of which are set out in the Directors Remuneration Report on page 24.

EMPLOYEE INVOLVEMENT

The Group employs 16,650 employees. Those employees are fundamental to the future success of the Group. The Group communicates with its people through a wide variety of channels, including briefings held at Head Office, information transmitted through line managers, and an Employee Forum at the Head Office and National Distribution Centre at Shirebrook, and the Company's open management style encourages employees to develop and to contribute to the development of the business.

All UK permanent employees of the Group in UK Retail, Brands and Head Office will participate in the proposed new Bonus Share Scheme if approved at the Annual General Meeting. The scheme is intended to motivate and provide those employees with a direct and substantial link between Group performance and their remuneration, and encourage employee participation in the Group. The proposed new Bonus Share Scheme will operate in addition to the current workplace bonus schemes, which are directly related to specific workplace performance.

The Group has entered into an agreement with the trade union Unite in respect of collective bargaining of the pay, hours and holidays of certain groups of employees at the Group's National Distribution Centre at Shirebrook.

Further information on relationships with employees can be found in the Corporate and Social Responsibility Report on page 28.

EQUAL OPPORTUNITIES

The Group's policy for its employees and for all applicants for employment is to fit the abilities and aptitude of each individual to an appropriate job, irrespective of gender, race, religion or belief, sexual orientation, age, disability or ethnic origin. The Company and other Group companies will not tolerate discrimination in any form. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. The Group does all that is practicable to meet its responsibilities towards the training and employment of disabled people, and to ensure that training, career development and promotion opportunities are available to all employees. The Group makes every effort to provide continuity of employment in the same or similar job where an employee becomes disabled including offering retraining in order that the employees employment within the Group may continue.

RESEARCH AND DEVELOPMENT

The Group designs clothing and some footwear for sale in stores and has arrangements with suppliers for the research and development of goods for the Brands division.

LAND AND BUILDINGS

The directors have reviewed the land and buildings owned by the Group and have concluded that the market value of those properties is less than the balance sheet amounts, and have accordingly impaired those amounts.

CHARITABLE AND POLITICAL DONATIONS

During the Year, the Group made charitable donations of £50,000 (2008: £10,000) to the Retail Trust, the principal charity of the retail sector. No political donations were made (2008: nil).

DIRECTORS

Directors who served during the year were:

	Date of appointment
Mike Ashley	21 December 2006
Simon Bentley	02 March 2007
Malcolm Dalgleish	25 October 2007
Dave Forsey	08 February 2007
Bob Mellors	21 December 2006
Dave Singleton	25 October 2007

The provisions in the Company's Articles for the appointment, retirement after appointment by the Board and by rotation, and standing for reappointment are described in the Corporate Governance Report on page 18.

Details of directors, their roles, responsibilities, achievements and significant external commitments are set out on page 13 and, in respect of directors standing for reappointment, in the Annual General Meeting Notice, which is sent to shareholders with this report.

The Board believes that each director standing for reappointment continues to demonstrate commitment, is an effective member of the Board, and contributes to the balance of skills, knowledge and experience identified by the Board as being required. The Board is satisfied that the Acting Chairman is not precluded from devoting sufficient time to his duties to the Company by reason of his other commitments. The Board recommends reappointment of the directors standing for reappointment.

Information on service contracts and details of the interests of the directors and their families in the share capital of the Company at 26 April 2009 and at the date of this report is shown in the Directors' Remuneration Report on pages 24 and 26 respectively. Copies of the service contracts of executive directors and of the appointment letters of the Acting Chairman and non-executive directors are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

No director has a directorship in common or other significant links with any other director (except in the case of executive directors holding directorships of subsidiary companies of the Company).

DIRECTORS CONFLICTS OF INTEREST

The Board has put in place procedures to deal with directors' conflicts of interest. During the Year the Board reviewed and, where appropriate, approved certain situational conflicts of interest that were reported to it by directors, and a register of those situational conflicts is maintained and reviewed.
Also during the Year the Board noted any transactional conflicts of interest concerning directors that arose and were declared. No director took part in the discussion or determination of any matter in respect of which he had disclosed a transactional conflict of interest.

DEEDS OF INDEMNITY

The Company has entered into deeds of indemnity for the benefit of each director of the Company and for the benefit of each person who was a director during the Year, in respect of liabilities to which they may become liable in their capacity as director of the Company and of any company in the Group. These indemnities are qualifying third part indemnity provisions within the meaning given to that term by Sections 234 and 235 of the 2006 Act, and all these indemnities remain in force.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 9 September 2009 at Unit D, Brook Park East, Shirebrook, NG20 8RY. The meeting will commence at 3.00 pm. The Board encourages shareholders to attend and participate in the meeting.

AUDITORS

Grant Thornton UK LLP has expressed a willingness to continue in office. In accordance with section 489 (4) of the Companies Act 2006, resolutions to reappoint Grant Thornton UK LLP as auditors and to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

AUDIT INFORMATION

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and that each director has taken all the steps that he or she ought to have taken as a director to make him or herself aware of any relevant audit information and to establish the Company's auditors are aware of that information.

By Order of the Board

Michael Oliver
Secretary
16 July 2009

CORPORATE GOVERNANCE

The Board of directors of the Company is committed to maintaining high standards of corporate governance and to managing the affairs of the Group in accordance with the provisions of the Listing Rules and of the Combined Code on Corporate Governance, issued by the Financial Reporting Council in June 2008 (the "Combined Code"). A copy of the Combined Code is available on the Financial Reporting Council's website at www.frc.org.uk. The Board has reviewed the Company's corporate governance processes and policies, and has concluded that during the 52 weeks ended 26 April 2009 (the "Year") the Company complied with the provisions of the Combined Code except as set out below.

The Combined Code (code provision A3.2) recommends that at least half of the Board of directors of a UK listed company, excluding the Chairman, should be comprised of non-executive directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgment. During the Year the Board was made up of the Acting Chairman, three executive directors and two independent non-executive directors. Accordingly during the Year the Company did not comply with this provision of the Combined Code in this regard.

The Combined Code also provides (code provisions B2.1 and C3.1) that each of the Remuneration and Audit Committees of the Board should comprise of at least three independent non-executive directors. The Code also provides that, in respect of the Remuneration Committee, the Company Chairman may also be a member, but not chair, the Committee if he or she was considered independent on appointment as Chairman. During the Year these committees comprised two independent non executive directors and the Acting Chairman. Accordingly during the Year the Company did not comply with these provisions of the Combined Code.

The Combined Code provides (code provision A.4.1) that the majority of the members of the Nomination Committee should be independent non-executive directors. During the Year the Committee comprised the Acting Chairman, the Executive Deputy Chairman and two non-executive directors. Accordingly during the Year the Company did not comply with this provision of the Combined Code. Since the end of the Year Mike Ashley has ceased to be a member of the Nomination Committee, and the structure of this Committee is now compliant with the provisions of the Combined Code.

The Company has in the past used recruitment consultants to search for a Chairman and for additional independent non-executive directors and the Nomination Committee has approved job descriptions for those roles, which for the Chairman includes an assessment of the time commitment expected, always recognising the need for availability in the event of major activity. The Board currently believes, however, that the Board and its committees as currently constituted are working well, and that in a period of challenging economic conditions it would be difficult to recruit an appropriate person to be either the Chairman or an independent non executive director of the Company.

Accordingly, while the Board intends when practicable to appoint a further independent non-executive director to the Board and to both of the Remuneration and Audit committees, which would bring the Company into compliance with all the provisions of the Combined Code, no steps are currently being taken to achieve that. The Nomination Committee and the Board will, however, keep the position under review.

THE BOARD

During the Year the Board comprised a non- executive Acting Chairman, three executive directors, and two non-executive directors. The names and short biographies of the Acting Chairman and other directors are set out on page 13.

The non-executive directors are considered by the Board to be independent. The Acting Chairman, Simon Bentley was considered by the Board to be independent on appointment. The Board considers that an independent director is one who is independent in character and judgment, and where there are no circumstances that are likely to affect, or could appear to affect, his or her judgement. Relationships or circumstances that could affect judgement include having been an employee of the Company or of any Group company during the past five years, having had a material business relationship or having been a partner, shareholder, director or senior employee of a body with a material business relationship with the Company or any Group company in the past three years, receiving remuneration from the Company other than directors' fees, participating in any share option or bonus schemes or in a Company pension scheme, having had close family ties with any of the Company's advisors, directors or senior employees, having cross directorships or significant links with any other director, representing a significant shareholder, or serving on the Board for more than nine years.

Dave Singleton has been appointed the Senior Independent Non-Executive Director and is available to shareholders if they have concerns which have failed to be resolved through the normal channels of Acting Chairman, Executive Deputy Chairman, Chief Executive, or Group Finance director, or for which such channels are inappropriate.

The Company has entered into a Relationship Agreement with Mike Ashley, the Executive Deputy Chairman, whose wholly owned company, MASH Holdings Ltd currently holds approximately 71.2% of the issued share capital of the Company (excluding treasury shares), which agreement is described in the Directors' Report on page 15.

Given the structure of the Board and the terms of the Relationship Agreement, the Board believes that no individual or small group of individuals can dominate the Board's decision making.

The Board has established a Nomination Committee to ensure a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The composition of that Committee and a description of its terms of reference are set out on page 20.

Details of executive directors' service contracts and of the Acting Chairman's and the non-executive directors' appointment letters are given on page 24. Copies of service contracts and of appointment letters are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

Executive directors normally retire on reaching the age determined by the Board from time to time as the retirement age for executive directors.

Non-executive directors are appointed for an initial term of three years from the Annual General Meeting following their joining the Board, and, subject to performance, there is an expectation of reappointment for a further period of three years. Exceptionally a non-executive director may be invited to serve for a further and final three year term. Non-executive directors' fees are determined by the Board in the absence of the non-executive directors other than the Chairman.

All directors appointed by the Board are appointed after consideration of the recommendations of the Nomination Committee, and those so appointed must stand for reappointment at the following Annual General Meeting. Every director must retire at least once every three years, and in addition at least one third of the continuing members of the Board must retire by rotation each year. Retiring directors may seek reappointment if willing and eligible to do so and if so recommended by the Nomination Committee. The Chairman will, when proposing the reappointment of a director, confirm that following formal performance evaluation, the director's performance continues to be effective and he or she continues to demonstrate commitment to the role.

This year Simon Bentley and Bob Mellors are retiring by rotation and are seeking reappointment.

The Board has adopted a formal process for the performance evaluation of the Board, its committees and individual directors. Every year each director has an opportunity to express his or her views on the organisation and operation of the Board and its committees, their effectiveness and contribution to the business, and on any other matter they consider relevant. These views are expressed in response to a questionnaire prepared and circulated by the Secretary, who holds the comments of individual directors in confidence. The results of these questionnaires are consolidated and reported to the Chairman and, in so far as they relate to the Chairman, to the Senior Independent Non-Executive Director, and, in so far as they relate to the Board as a whole or to any of its committees to the Board as a whole. Given the current small size of the Board, the Board does not consider the use of independent consultants appropriate or useful.

In addition the Chairman will meet with individual directors privately at least once in every year, to review the contribution of that director to the Board and his or her development needs. The Chairman will meet with the non-executive directors as a group and in the absence of any executive directors at least twice a year, and as part of the Board Evaluation Programme the non-executive directors, led by the Senior Independent Non-Executive Director, will review the performance of the Chairman, having taken account of the views of the executive directors.

The Board and the Nomination Committee will consider the output from the evaluation programme in their evaluation of the skills, knowledge and experience of the Board, and in formulating development plans.

The Board provides corporate governance training for those directors appointed to the Board for whom it is their first appointment to a listed company board, and provides a tailored induction programme for all directors on appointment. In addition the Board is made aware of material changes to laws and regulations affecting the Group's business from time to time. All directors have access to the advice and services of the Company Secretary, and each director and each board committee may take independent professional advice at the Company's expense, subject to prior notification to the other non-executive directors and the Company Secretary. The Company maintains appropriate directors and officers insurance.

The division of responsibilities between the Chairman, the Executive Deputy Chairman and the Chief Executive is in writing and has been agreed by the Board. The Chairman is responsible for leadership of the Board, for ensuring its effectiveness, and for ensuring that all directors are able to play a full part in the activities of the Company. He ensures effective communication with shareholders, and that the Board has an understanding of the views of major investors. The Chairman is available to provide advice and support to members of the executive team. The Executive Deputy Chairman is an ambassador for the Company, and takes the lead in the strategic development of the Company, formulating the vision and strategy in conjunction with the Chief Executive. The Chief Executive is responsible for leading the management team, the running of the Group's business, for the delivery of the strategy approved by the Board, and for implementing specific decisions made by the Board. No one individual has unfettered power of decision.

The Board currently plans to meet on a pre-planned basis six times during each year, including a strategy meeting, and meets on other occasions as required. During the Year the Board met on nine occasions.

The Board is collectively responsible for the success of the Company, and has a programme to enable it to discharge its responsibility of providing effective and entrepreneurial leadership to the Company within a framework of prudent and effective controls. An agenda is established for each meeting, and appropriate documentation is provided to directors in advance of them. For regular meetings the agenda will include reports from the Chief Executive and the Group Finance Director, reports on the performance of the business and current trading, reports on meetings with investors, reports from committees of the Board and specific proposals where the approval of the Board is sought. Presentations are also given on business or strategic issues where appropriate, and the Board will consider at least annually the strategy for the Group. Minutes of the meetings of committees of the Board are circulated to all members of the Board, unless a conflict of interest arises, to enable all directors to have oversight of those matters delegated to committees, and copies of analysts' reports and brokers' notes are provided to directors.

Attendance by directors at Board and Board committee meetings during the Year and the total number of meetings that they could have attended are set out in the table below. All directors attended all meetings of the Board and of committees of the Board of which they were members unless prevented from doing so by prior commitments.

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Mike Ashley	9/9	-	-	1/1
Simon Bentley	9/9	3/3	4/4	1/1
Malcolm Dalgleish	7/9	2/3	3/4	0/1
Dave Forsey	9/9	-	-	-
Bob Mellors	9/9	-	-	-
Dave Singleton	9/9	3/3	4/4	1/1

The Board has a formal schedule of matters reserved for decision by it. Matters so reserved include the approval of the strategic plan and long-term objectives of the Group, the annual budget and the allocation of resources to achieve that budget, decisions relating to unbudgeted expenditure over certain limits, significant acquisitions, disposals and joint ventures, other material contracts, changes to the corporate structure of the Group, the appointment and removal of the Company Secretary, approval of accounting policies and practices and approval of the annual report. The Board delegates management of the businesses of the Group to the executive management, and delegates specific responsibilities to Board committees.

The Board believes that the appointment of executive directors to be non-executive directors of other listed companies benefits the Group, through the additional experience and knowledge gained by such an appointment, and accordingly, executive directors are permitted to accept one such appointment where no conflict of interest arises, and to retain the fees received. Currently none of the executive directors holds such an appointment.

All non-executive directors disclose to the Board prior to appointment their significant other commitments and they are required to notify and have notified any changes to or additional commitments from time to time. Simon Bentley, the Acting Chairman, is deputy Chairman of the solicitors Mishcon De Reya, a senior trustee of the Leadership Trust, Chairman of the hair product brand Umberto Giannini and the hotelier Maypole Group plc. He is also a director of Powerleague. The Board is satisfied that Simon Bentley meets his obligations to the Company. All non-executive directors are available to meet with major investors.

The Company Secretary is an employee of the Company and is the secretary of all Board committees, and fulfils the responsibilities required of him by the Combined Code.

BOARD COMMITTEES

There are three principal Board Committees, all of which have written terms of reference. Summaries of the terms of reference and details of the membership of committees are set out below. Copies of the terms of reference are available from the Company Secretary and on the Company's website. Only members of each Committee are entitled to attend the meetings of committees, although each Committee may invite other directors, managers and advisors to attend and have done so. Membership of Board Committees will be regularly reviewed. Given the current size of the Board, and the terms of reference, all non-executive directors are members of every Board committee. It is, however, the Board's intention that, when the number of independent non-executive directors appointed to the Board permits, the chairman of the Remuneration Committee will not serve on the Audit Committee, and vice versa. The Board is satisfied that currently no one director exercises a disproportionate influence.

Attendance at meetings of committees is set out on the opposite page.

AUDIT COMMITTEE

Directors who served on the Committee during the Year were:

- Simon Bentley (Chairman)
- Malcolm Dalgleish
- Dave Singleton

The Chairman of the Committee is a Chartered Accountant, and has recent and relevant financial experience.

The Committee met on three occasions during the Year.

The Committee's programme is pre-planned to ensure that each aspect of its responsibilities is discharged as part of an annual cycle during the Company's financial year. The main responsibilities of the Audit Committee are:

- Assisting the Board with the discharge of its responsibilities in relation to internal and external audits and controls.

- Monitoring the financial reporting process and the integrity and clarity of the Group's financial statements, including making recommendations on judgments they contain and the financial reporting process.

- Agreeing the scope of the annual audit and the annual audit plan and monitoring the same.

- Reviewing and monitoring the independence of the external auditors and relationships with them and in particular agreeing and monitoring the extent of the non audit work that may be undertaken by external auditors.

- Advising on the appointment, reappointment and removal of external auditors.

- Reviewing accounting and financial reporting policies, terms of engagement and remuneration of the external auditors, and any changes thereto, and the method of accounting for unusual transactions.

- Reviewing and monitoring the effectiveness of the internal control and risk management policies and systems in place within the Group and ensuring that appropriate arrangements are in place under which employees can raise concerns about possible financial or other impropriety which are then appropriately investigated.

During the Year the Committee considered the matters that fell within its area of responsibility above, and in particular the arrangements for monitoring the effectiveness of internal controls, and also considered the current economic climate and its likely impact on the Group:

The Audit Committee will normally meet not less than three times a year.

The external auditors attend meetings of the Committee, other than when their appointment is being reviewed. The Group Finance Director also attends as appropriate. The Committee will meet with the auditors in the absence of executive management at least twice a year.

The Audit Committee considers annually the reappointment of the auditors and their remuneration, and makes recommendations to the Board, and the auditors are reappointed each year at the Annual General Meeting. The Committee will consider the level of service provided by the auditors and their independence annually.

The Committee has approved a policy on the engagement of the external auditors for non-audit work, in order to ensure that the objectivity of the auditors' opinion on the Group's financial statements is not or may not be seen to be impaired, and has established a process to monitor compliance with that policy.

The policy identified three categories of potential work. Firstly, those tasks that the auditors may not provide, as to do so would represent a real threat to independence. That work includes the preparation of accounting entries or financial statements, IT systems design and implementation, management of projects and tax planning where the outcome would have a material impact on the financial statements or where the outcome is dependent upon accounting treatment.

Secondly, types of work that the auditors may undertake with the consent of the Chairman of the Audit Committee. Included in this category are certain corporate finance services, acquisition due diligence, management consultancy and secondment of staff other than for the preparation of accounting entries or financial statements.

Thirdly, there are services that the auditors may provide as the work is clearly audit related and there is no potential threat to independence, including regulatory reporting and acting as reporting accountants. The Company is satisfied that its policy falls within the requirements of the Auditing Practices Board.

Every engagement of the auditors for non-audit work is to be reported to the next meeting of the Committee.

The Combined Code recommends that the Audit Committee is made up of at least three non-executive directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Audit Committee currently consists of only two independent non-executive directors and the Acting Chairman, but the Company intends when appropriate to appoint additional independent non-executive directors to the Board, following which a further independent non-executive director will also be appointed a member of the Audit Committee, and the Committee's structure will then comply with the recommendation set out in the Combined Code.

REMUNERATION COMMITTEE

Directors who served on the Committee during the Year were:

- Dave Singleton (Chairman)
- Simon Bentley
- Malcolm Dalgleish

The main responsibilities of the Remuneration Committee are to:

- Determine the Company's policy on executive remuneration, including the design of bonus schemes, and targets and payments made thereunder.
- Determine the levels of remuneration for the Chairman and each of the executive directors.
- Monitor the remuneration of senior management and make recommendations in respect of thereof.
- Agree any compensation for loss of office of any executive director.

The Committee met on four occasions during the Year.

During the Year the Committee reviewed directors and senior managers remuneration arrangements, and considered bonus schemes, and in particular the proposed Bonus Share Scheme, approval of which will be sought at the Annual General Meeting of the Company in September. The Committee considered directors' salaries and determined not to increase them. The Committee decided whether any payments were due to executive directors under the 2007-08 Annual Bonus Scheme, and decided not to operate an Annual Bonus Scheme for executive directors for 2009-10 if the proposed Bonus Share Scheme was approved and implemented. The Committee also reviewed the Performance Share Plan and its performance measures and made awards thereunder to executive directors and to certain senior managers.

A report on the remuneration of directors appears on pages 22 to 26. The Combined Code recommends that the Remuneration Committee is made up of at least three non-executive directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Committee currently consists of only two independent non-executive directors and the Acting Chairman.

The Company intends to appoint when appropriate additional independent non-executive directors to the Board following which a further independent non-executive director will be appointed a member of the Remuneration Committee, and the Committee's structure will then comply with the recommendations set out in the Combined Code.

NOMINATION COMMITTEE

Members of the Nomination Committee during the Year were:

- Simon Bentley (Chairman)
- Mike Ashley
- Malcolm Dalgleish
- Dave Singleton

The Committee met on one occasion during the Year.

The main responsibilities of the Board Nomination Committee are to:

- Review the Board's structure.
- Review the composition and make up of the Board, including evaluating the balance of skills, knowledge and experience of the members of the Board.
- Give consideration to succession planning for directors.
- Prepare a description of the role and capabilities required for any Board appointment including that of Chairman.
- Make recommendations to the Board concerning the standing for reappointment of directors.
- Identify potential candidates to be appointed as directors, and make recommendations to the Board as the need may arise.

The Nomination Committee also determines succession plans for the Chairman and the Chief Executive, who will not be present at meetings when such matters are being discussed.

The Nomination Committee will meet at least once a year and will also meet when appropriate.

During the Year the Committee considered the desirability of appointing a Chairman and a further non-executive director or directors, and also considered the standing for reappointment of directors retiring by rotation.

Dave Forsey, as Chief Executive, will normally attend meetings of the Nomination Committee, save where the Nomination Committee is dealing with matters relating to him or with the appointment of his successor.

The Combined Code recommends that a majority of the Nomination Committee be non-executive directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement.

The Committee currently consists of the Acting Chairman, and two independent non-executive directors and accordingly the Committee's structure now complies with the recommendations set out in the Combined Code.

SHARE DEALING CODE

The Company has a code of securities dealings in relation to its shares and other securities which is based on, and is at least as rigorous as, the Model Code as published in the Listing Rules. The code applies to the directors and to other appropriate employees of the Group.

INTERNAL CONTROLS AND RISK MANAGEMENT

The directors have overall responsibility for the Group's system of internal control and risk management for reviewing their effectiveness. The systems of internal control and risk management are designed to manage, rather than eliminate, the risk of failing to achieve business objectives. Such a system can, however, provide only reasonable, and not absolute, assurance against material misstatement or loss.

Members of the Board have responsibility for monitoring the conduct and operations of individual businesses within the Group. This includes the review and approval of business strategies and plans, the setting of key business performance targets and the analysis of risk. The executive management responsible for each business is accountable for the conduct and performance of their business within agreed strategies.

Business plans and budgets for each business include financial and strategic targets against which performance is monitored. Monitoring includes the examination of and changes to rolling annual and quarterly forecasts, monthly measurement of actual achievement against key performance targets and plans, and weekly reviews of performance.

The Group has clear procedures for the approval and control of expenditure. Strategic investment decisions involving both capital and revenue expenditure are subject to formal detailed appraisal and review according to approval levels set by the Board. Operating expenditure is controlled within each business with approval levels for such expenditure being determined by the individual businesses.

The Group has a formal whistle blowing policy for employees who wish to raise any issues or concerns relating to the Company's or Group's activities on a confidential basis.

Executive management is responsible for the identification, evaluation and management of the significant risks applicable to their areas of business and for the development of a disaster mitigation and recovery programme.

The Group operates a Retail Support Unit which provides strong operational internal audit services in the retail division, and there are procedures in place in the Brands division to monitor and control licensees.

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, reviewing the reporting of financial and non-financial information to shareholders and the audit process, satisfying itself that appropriate systems of internal control and risk management are in place and are serving to identify and manage risk. The auditors attend all meetings of the Audit Committee, save for those parts of any meeting when the Committee reviews the performance of the auditors and when the Committee is having separate discussions with the Group Finance Director.

With the exception of Heatons, the Groups only material associate, the Group's system of internal control and risk management and its effectiveness is monitored and reviewed by the Board, the Audit Committee and management, and the Board believes that the Group has maintained throughout the Year and up to the date of approval of the annual report and accounts an effective embedded system of internal control and has complied with the Turnbull guidance.

SOCIAL, ENVIRONMENTAL AND ETHICAL MATTERS

The Group has for many years, recognised the benefits that accrue from responsible employment, environmental and community policies. Details of the Group's activities in this area are set out in the Corporate and Social Responsibility Report on pages 28 to 30.

This report has been prepared in accordance with the requirements of Regulation II and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations) and of the Combined Code on Corporate Governance 2008 ("the Combined Code").

UNAUDITED INFORMATION

THE REMUNERATION COMMITTEE

During the 52 weeks ended 26 April 2009 (the Year), the members of the Remuneration Committee (the Committee), were:

- Dave Singleton (Chairman)
- Simon Bentley
- Malcolm Dalgleish

Dave Singleton and Malcolm Dalgleish are independent non-executive directors. Simon Bentley was an independent non-executive director on his appointment as Acting Chairman.

The main responsibilities of the Committee are summarised in the Corporate Governance Report on page 20.

ADVISERS

The Committee has appointed Towers Perrin to provide it with independent advice in determining the appropriate remuneration, including bonus schemes, and other terms and conditions of employment of directors, and to assist it in the review of remuneration policies and practices throughout the Group.

Towers Perrin has, with the consent of the Committee, assisted the Company in the past by providing market data and advice in connection with the remuneration of senior managers. The Committee is conscious of the need to ensure that no conflict of interest arises as a result of Towers Perrin advising both it and the Company, but believes that the benefits of consistent advice outweighs the possible problems that could arise from these arrangements.

A summary of the terms of reference of Towers Perrin in their role as independent advisors to the Committee are set out on the Company's website and are available upon request from the Company Secretary.

Dave Forsey, the Chief Executive, Bob Mellors, the Group Finance Director, and Mike Ashley, the Executive Deputy Chairman have also advised or materially assisted the Committee when requested.

REMUNERATION POLICY

The Committee has endorsed the provisions of Section 1B of the Combined Code, and has had those provisions in mind when determining remuneration policies for the past, current and future years. Policies and practice in respect of remuneration inevitably evolve over time and, while it is currently believed that the policies described in this report will apply in future years, they will be subject to regular review.

The Group operates in a highly competitive retail environment, and the Committee seeks to ensure that the level and form of remuneration is sufficient to attract, retain and motivate directors and senior managers of the quality and talent required to run the Group successfully. In order to maintain the Group's historic focus on growth, the Committee has adopted a strongly performance based remuneration policy for executive directors, under which a large proportion of their remuneration will be dependent upon the Group's performance, and paid in shares.

Basic salaries for executive directors other than Mike Ashley have been set at a level well below the median level for a business of the size and complexity of the Group. The maximum payment under the annual bonus plan during the Year was 100% of salary, and the Performance Share Plan permits annual grants of up to four times salary. The maximum payment under the proposed Bonus Share Scheme, described below, is shares having a market value of approximately 100% of salary, deferred for 2 years. If the establishment of the Bonus Share Scheme is approved then it will replace the Annual Bonus Scheme during the term of the Bonus Share Scheme.

If the Committee were to change its policy on basic salaries, then it would revisit the salary multiple for grants under the Performance Share Plan, and the Committee's remuneration policy set out above will not necessarily apply to any new appointment to the Board.

Mike Ashley has agreed that he will not receive a salary for his role as Executive Deputy Chairman, nor does he participate in the Performance Share Plan, and he will not participate in the Bonus Share Scheme if approved.

Executive directors do not participate in a company pension arrangement in respect of which the Company makes a financial contribution, and do not have the use of a company car or other similar benefits often available to executive directors. Towers Perrin has advised the Committee that in aggregate the total remuneration of Dave Forsey and Bob Mellors is well below median.

The Committee intends to establish and thereafter maintain contact with major shareholders and representative groups where appropriate concerning remuneration matters.

The expected value of a four times salary award under the Performance Share Plan is approximately 170% of salary. Accordingly, if the Company's performance meets target levels, disregarding the proposed Bonus Share Scheme, performance related pay in 2009-10 is likely to account for approximately 70% of Dave Forsey and Bob Mellors' total remuneration, and at upper quartile performance, performance related pay would account for approximately 85% of total remuneration, depending in each case on share price improvement during the relevant performance period. The expected value of the Bonus Share Scheme, if approved, is approximately 100% of salary over four years. If target level performance under that and other schemes is reached in 2009-10 then performance related pay in that year is likely to account for approximately 66% of Dave Forsey and Bob Mellors total remuneration and at upper quartile performance related pay would account for 81% of total remuneration depending upon share price performance.

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

REMUNERATION POLICIES AND KEY ELEMENTS OF REMUNERATION

The Committee has reviewed the salaries, other remuneration and other employment conditions of senior and middle managers throughout the Group, and has taken them into account in considering directors salaries, bonus awards and the creation of new bonus schemes in order to create a sense of common purpose and sharing of success. The Performance Share Plan has been extended to certain senior managers and the proposed Bonus Share Scheme will apply to all UK permanent employees of the Group in the UK Retail, Brands and Head Office on the same basis, including applying the same percentage of salary, irrespective of seniority.

Executive directors' remuneration and the remuneration of other key senior management during the Year comprised:

- Basic Salary
- Annual Bonus Scheme
- Performance Share Plan
- Pension

Subject to approval of the Bonus Share Scheme at the Annual General Meeting, it is intended that in 2009-10 executive directors' remuneration will comprise the Bonus Share Scheme and the elements listed above other than the Annual Bonus Scheme.

BASIC SALARY

Basic salaries are reviewed annually, but the first review post the Admission of the Company to the official list and to trading on the London Stock Exchange on 2 March 2007 (Admission) did not take place until April 2008. There was no increase in executive directors' salaries on that review and in April 2009 the Committee decided again not to alter executive directors' salaries. Executive directors' salaries have now been at the same level since 2002.

ANNUAL BONUS SCHEME

The Annual Bonus Scheme rewards executive directors for achieving challenging business performance targets, chosen at the beginning of the period for their relevance in driving the short term performance of the Group towards the achievement of strategic goals. In the Year the maximum bonus payable to Dave Forsey and Bob Mellors was 100% of salary, and one half of the bonus was to be paid if both target sales and target EBITDA were achieved, and the remainder of the bonus would be paid if target sales are achieved and if a stretch target EBITDA is achieved, with no intermediate payments. Performance was such that no bonus was paid in respect of the Year.

The Committee has determined that, if the proposed Bonus Share Scheme is approved at the Company's Annual General Meeting in September 2009 and implemented with effect from the beginning of the current financial year, then no Annual Bonus Scheme will be operated for executive directors while the Bonus Share Scheme is being operated. Mike Ashley did not participate in the Annual Bonus Scheme for the Year, and will not participate in the proposed Bonus Share Scheme.

THE PERFORMANCE SHARE PLAN

The Performance Share Plan was adopted on 11 February 2007, and provides a direct link between executive directors' remuneration and the return to shareholders.

The maximum number of shares that an executive director may acquire pursuant to share awards granted to him in any financial year may not have an aggregate market value, as measured at the date of grant, exceeding 400% of his annual basic salary. Market value for this purpose is based on the closing middle market quotation for a share as derived from the Daily Official List of the London Stock Exchange for the dealing day immediately preceding the date of grant.

On 5 April 2007, during the 42-day period following Admission, share awards were granted to each of Dave Forsey and Bob Mellors relating to 400% of their basic salary. No awards were made during the 2007-08 financial year as the performance period for any awards that would have been made during that year would have ended at the same time as the awards made on 5 April 2007. Awards under the Plan relating to 400% of basic salary were made to Dave Forsey and Bob Mellors on 16 July 2008.

Share awards under the Performance Share Plan are subject to performance conditions imposed by the Committee at the time of grant. The extent to which the performance conditions are satisfied will determine how many (if any) of the shares each executive director is entitled to receive. Performance conditions are not capable of being retested, so that any proportion of a share award which does not vest on the normal vesting date will lapse.

The Committee determined in respect of the first grants made under the plan that the vesting of 50% of the awards would be subject to a performance target based on the earnings per share ("EPS") growth of the Company over the designated performance period. The remaining 50% of the awards are subject to a performance target based on the Company's total shareholder return ("TSR") over the same performance period when compared against a group of comparator companies. The Committee applied the same targets for the grants made in 2008.

The performance period for grants under the Performance Share Plan will usually be the three consecutive financial years commencing with the financial year in which the option or award is granted, but for the initial awards following Admission, the performance period runs from the date of grant to 25 April 2010 (the end of the 2009-10 financial year).

EPS was chosen as a performance measure because it is an absolute measure of real Group performance.

The Committee chose TSR as a performance measure because it compares the actual returns to shareholders with the actual returns to shareholders in a comparator group of companies, thus providing a relative measure of performance. The Committee believes that the combination of absolute and relative measure is the best way to align the interest of the director with the actual return to shareholders, and that the targets reflect the history of growth in the Company's businesses and are challenging but achievable.

EPS growth over the first performance period will be calculated by reference to the EPS as derived from the pro forma accounts prepared for the 26 week period to 29 October 2006, EPS growth for subsequent performance periods will be calculated by reference to EPS stated in the appropriate published accounts.

For the purpose of the Performance Share Plan, EPS means the diluted earnings per ordinary share of the Company calculated in accordance with IAS 33 Earnings Per Share or any modification or replacement to that standard with which the Company is obliged to comply provided that the Committee has the power (after consultation with the auditors) to adjust the EPS figure to arrive at a figure which reflects underlying business performance of the Group and also to take such steps as necessary to ensure that relevant accounting standards are applied on a consistent basis.

The number of shares that will vest under the EPS tranche of each award will be determined as follows:

EPS Growth	Percentage of shares in EPS tranche that vest
Below 19% per annum	0
19% per annum ("Threshold")	25
24% per annum ("Target")	50
29% per annum ("Stretch")	100

Shares comprised in the EPS tranche will vest on a straight-line basis for performance between Threshold and Target and between Target and Stretch.

TSR means, in relation to a share in the Company or an ordinary share in a company in the comparator group in a performance period, the aggregate of the increase above or decrease below the average market value of such a share at the beginning of the relevant performance period and the aggregate value of dividends paid in that performance period (excluding any tax credit), where each such dividend is deemed to have been reinvested in the shares of each relevant company from the date of payment of the dividend to the last day of the performance period.

The initial comparator group of companies comprised the following companies:

- Marks & Spencer plc
- Kingfisher plc
- Next Group plc
- Home Retail Group plc
- DSG International plc
- The Carphone Warehouse Group plc
- Signet Group plc
- Kesa Electrical plc
- Debenhams plc
- N Brown Group plc
- Galiform plc
- Carpetright plc
- Halfords Group plc
- W H Smith plc
- JJB Sports plc
- HMV Group plc
- JD Sports Fashion Plc
- Blacks Leisure Group plc
- Mothercare plc

Mothercare plc has replaced Umbro plc in the comparator group following its acquisition by Nike and subsequent delisting. The Committee will keep the comparator group under review and will, if and when it considers appropriate, include additional companies to replace any of the existing comparator group that are no longer appropriate or listed.

TSR was calculated for the first grants made in the 42 days following Admission using average market value of shares in each company in the comparator group over the 20 dealing days immediately following Admission. For subsequent grants TSR is calculated using the average value of shares of companies in the comparator group on the last day of the financial year.

The percentage of the shares comprised in the TSR tranche that vest will be determined by reference to the Company's TSR ranking within the comparator group at the end of the performance period as follows:

TSR Ranking	Percentage of shares in TSR tranche that vest
Upper quartile	100
Median	25
Below median	0

Shares comprised in the TSR tranche will vest on a straight-line basis for performance between median and upper quartile.

The Committee may amend the performance conditions if an event occurs that causes it reasonably to consider that the original performance conditions are no longer, without alteration, a fair measure of performance, provided that the amended conditions are at least as challenging as the original performance conditions. Any such amendment will be disclosed in the directors' remuneration report following the amendment.

During the Year the Committee reviewed the performance conditions and business performance to date against those conditions, and determined that, for the time being, they were satisfied that the conditions remained appropriate. The Committee may, however, set different performance conditions for future awards.

Subject to satisfaction of applicable performance conditions, awards will vest at the end of the performance period and vested share awards will be released to participants automatically as soon as practicable after the date the shares vest.

Share awards may normally only vest if the executive director remains in employment with the Group. If a participant leaves employment before the vesting date, the share awards will normally lapse. However, if the reason for leaving is injury, disability, ill-health, the sale of the business or company in which the executive director is employed, or any other reason, at the Committee's discretion, a participant's awards will not lapse and will vest on the original vesting date to the extent the performance conditions have been met.

The number of shares which are released or capable of exercise will be pro-rated to reflect the proportion of the performance period the participant was actually employed unless the Committee determines otherwise. In the event of a participant's death, a share award may be released to or exercised by their personal representatives.

In the event of a takeover, scheme of arrangement (other than a scheme to create a new holding company for the Company having substantially the same shareholders as the Company) or voluntary winding-up of the Company, share awards will vest following such an event to the extent the performance conditions have been met but on a time pro-rated basis. Share awards may also by agreement, be exchanged for equivalent share awards or options over shares in the acquiring company.

The Committee has determined that, upon the vesting of any award, a participant will receive additional shares representing the gross value of dividends as if they had been paid on those shares and reinvested during the performance period.

The Company reviews awards under the Performance Share Plan in terms of their effect on dilution limits, and seeks to comply with the dilution limits recommended by the Association of British Insurers for such plans. At the end of the Year the Company was within those limits.

The Company has established a discretionary trust to acquire and hold, or to enter into agreements to procure the delivery of shares required to satisfy share awards granted under the Performance Share Plan.

THE PROPOSED BONUS SHARE SCHEME

The scheme is intended to motivate and help improve the retention of employees, to encourage employee participation in the shares of the Company, to align the interests of employees and shareholders, and to drive Underlying EBITDA.

All permanent UK employees in UK Retail, Brands and Head Office with not less than one years service at the beginning 2009-10 will participate, irrespective of seniority. The scheme will replace, where relevant, existing annual bonus schemes, but not workplace based schemes. More details of the scheme are given in the notice calling the 2009 Annual General Meeting of the Company.

The bonus is in two stages. The first bonus is 25% of base pay in shares at a notional share price of £1.00 per share. The bonus target is Underlying EBITDA of £155m in 2009-10.

The first bonus will vest two years after the EBITDA target of £155m is reached, and is subject to continuous employment until then.

The second bonus is 75% of base pay in shares at a notional share price of £1.25 per share. The second stage of the bonus is conditional upon the first bonus target being met in 2009-10, and the second bonus targets are:

- Underlying EBITDA of £195m in 2010-2011, and
- Underlying EBITDA/Net Debt ratio of 2 or less at the end of 2010-11

The second bonus will vest, subject to continuous employment until then, 2 years after the second bonus target is met.

The performance conditions have to be satisfied after taking account of scheme costs. They are stretch targets, requiring an increase in Underlying EBITDA (before scheme costs) of approximately £26m (19.0%) and £66m (48.2%) respectively.

The Committee (which will administer the scheme) will adjust reported underlying Group EBITDA each year during which the scheme is running for the purpose of the scheme to ensure consistency in the calculation of underlying EBITDA and to ensure that underlying EBITDA is a fair comparison year by year, for example, by eliminating the impact of acquisitions where the cost of acquisitions is not reflected in underlying EBITDA.

Underlying EBITDA is as defined on page 9 and is not at constant foreign currency exchange rates.

The Committee believes that the scheme will drive performance in the short to medium term, encourage retention and align the interest of employees and shareholders. The Committee chose underlying EBITDA as the performance measure as it is the prime measure that the Company uses internally to measure performance and the Committee believes best reflects the performance of the business, and the Net Debt to underlying EBITDA ratio target to ensure that EBITDA was not enhanced by additional borrowing.

PENSION

Executive directors are entitled to participate in a stakeholder pension scheme to which the Company makes no contribution.

SHARE OWNERSHIP POLICY

The Committee believes it to be important that executive directors have a significant holding in the capital of the Company. During the year Simon Bentley purchased 250,000 shares, Malcolm Dalgleish purchased 80,694 shares, and Dave Singleton increased his shareholding to 153,621 shares.

CONTRACTS OF SERVICE

On 11 February 2007, each executive director entered into a new service agreement with the Company. The agreements became effective on Admission. These contracts reflect the Committee's policy on the duration of Executive Directors service contracts and on notice periods and termination payments.

Each executive director's employment is terminable by either party on 12 months' written notice. The Company may elect to terminate the employment of Dave Forsey and/or Bob Mellors by making a payment in lieu of notice equal to the basic salary that the director would have received during the notice period or, if notice has already been given, during the remainder thereof.

The Company may elect to pay any payment in lieu of notice by monthly instalments during the outstanding notice periods, and if the director obtains alternative employment or provides services pursuant to a consultancy agreement while such payments are being made (the director being obliged to use his best efforts to obtain such employment), each instalment falling due after the commencement of such employment or provision of services is reduced by one twelfth of the annual remuneration or fees received by the director in respect of that alternative employment or consultancy.

Any entitlement to benefits under any share related incentive scheme are determined in accordance with the rules of that scheme.

Each executive director's service contract automatically terminates on the date that the director reaches such age as is determined by the Board from time to time as the retirement age for executive directors.

The non-executive directors have each entered into a letter of appointment with the Company, which became effective in the case of Simon Bentley, on Admission, and in the case of Malcolm Dalgleish and Dave Singleton on execution. Details of the letters of appointment are set out below:

	Position	Annual fee £'000	Date of letter of appointment
Simon Bentley [1]	Acting Chairman	144	11/02/2007
Malcolm Dalgleish	Non-Executive Director	50	25/10/2007
Dave Singleton [2]	Non-Executive Director	50	25/10/2007

(1) Simon Bentley received an annual fee of £40,000 per annum prior to appointment as Acting Chairman. He currently receives an annual fee of £144,000 as Acting Chairman

(2) Dave Singleton received an additional £10,000 in respect of additional work and research

Non-executive directors do not and are not entitled to participate in any bonus or share scheme.

Each non executive director's appointment (other than the Chairman) is for an initial period that expires on the date of the Company's first Annual General Meeting after appointment. The appointment of each of Malcolm Dalgleish and Dave Singleton was renewed at the AGM on 10 September 2008 and will continue for a term of three years from then and then terminate unless renewed prior to the expiry of that term.

Notwithstanding renewal for a three year term, the appointment of each of Simon Bentley and Malcolm Dalgleish and Dave Singleton and the appointment of Simon Bentley may be terminated at any time by either party on one months' written notice.

Each of the appointments of the non-executive directors may also be terminated in accordance with the Articles of Association of the Company, and immediately in certain prescribed circumstances (including the bankruptcy of the non-executive director).

In addition to the annual directors fees of £40,000 per annum referred to above, prior to his appointment as Acting Chairman Simon Bentley was entitled to a fee of £10,000 per annum as Chairman of the Audit Committee.

Non-executive directors are subject to confidentiality undertakings without limitation in time. Non-executive directors are not entitled to receive any compensation on the termination of their appointment.

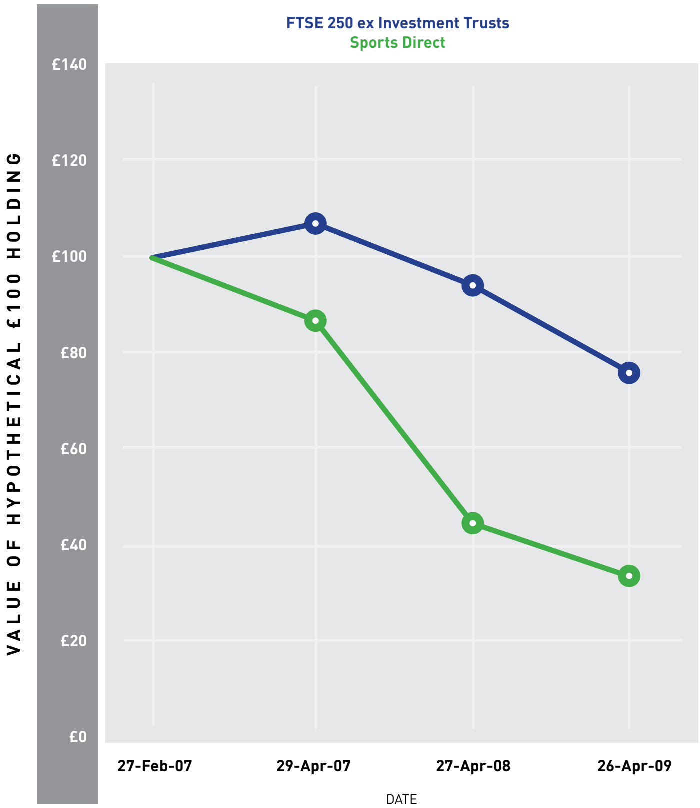
NON-EXECUTIVE DIRECTORSHIPS

The Board recognises that executive directors may be invited to become non-executive directors of other companies, and that the experience and knowledge gained as a result of such appointments are of benefit to the Company. Accordingly, the Board has agreed that the executive directors may accept one such appointment, and retain any fees payable in respect thereof, subject to there being no conflict of interest. No executive director currently holds any such appointment.

PERFORMANCE GRAPH

The following graph, required by the Regulations, shows the Company's total shareholder return since Admission against that of the FTSE 250 index (excluding investment trusts). The Committee considered this an appropriate index against which to compare the Company's performance as it is widely accepted as a national measure and includes the companies that investors are likely to consider alternative investments.

Historical TSR Performance
Growth in the Value of a Hypothetical £100 holding since Flotation up to Year End FTSE mid 250 excluding Investment Trusts Comparison Based on Spot Values



SERVICE CONTRACTS

The Executive Directors' service contracts are summarised in the following table

Name	Contract date	Unexpired term/ notice period	Proper law
Mike Ashley	11/02/2007	12 Months	England & Wales
Dave Forsey	11/02/2007	12 Months	England & Wales
Bob Mellors	11/02/2007	12 Months	England & Wales

AUDITED INFORMATION

AUDITORS' REPORT

The auditors are required to report on the information contained in the following section of this report, other than in respect of directors' shareholding.

DIRECTORS REMUNERATION 2009

The following pages set out an analysis of directors' emoluments and annual bonus, entitlements under the Performance Share Plan and shareholdings.

DIRECTORS' EMOLUMENTS

An analysis of directors' emoluments relating to salary and directors fees, annual bonus and other benefits (other than entitlements under the Performance Share Plan and in respect of pensions) for the 52 weeks to 26 April 2009 (the Year) is set out below:

£000	Salaries and fees	Bonus	Other benefits	Total 2009	Total 2008
Mike Ashley	-	-	-	-	
Simon Bentley	144	-	-	144	128
Chris Bulmer		-	-		24
Malcolm Dalgleish	50	-	-	50	26
Dave Forsey	150	-	-	150	150
Bob Mellors	150	-	-	150	150
David Richardson		-	-		12
Dave Singleton	60	-	-	60	26
Total	554			554	516

The aggregate of directors' emoluments in the Year was £554,000: (2007-08: £515,333).

BASIC SALARY

The basic salaries of executive directors at the Year end and at 16 July 2009 (the latest practicable date before the printing of this report) were as shown below: At 26 April 2009 at 16 July 2009

	At 26 April 2009	At 10 July 2009
Mike Ashley	-	-
Dave Forsey	£150,000	£150,000
Bob Mellors	£150,000	£150,000

ANNUAL BONUS SCHEME

Performance against business targets during the Year was such that no annual bonus was earned by executive directors participating in the Annual Bonus Scheme.

PERFORMANCE SHARE PLAN

Share awards under the Performance Share Plan were made to certain of the executive directors as shown below:

	Date of award	Maximum shares receivable at 27 April 2008 (1)	Shares awarded during the Year	Shares vested during the Year	Maximum shares receivable at 26 April 2009	Market Value per share on date of award	Earliest date of vesting (2)
Dave Forsey	5/04/2007	223,256	-	-	223,256	268.75p	25/04/2010
	16/07/2008		987,654	-	987,654	60.75p	25/04/2011
TOTAL					1,210,910		
Bob Mellors	5/04/2007	223,256	-	-	223,256	268.75p	25/04/2010
	16/07/2008		987,654	-	987,654	60.75p	25/04/2011
TOTAL					1,210,910		

(1) The number of shares is the maximum number of shares that could be receivable by the director if the performance conditions, outlined on pages 23 and 24, are fully met.

(2) The "Earliest Date of Vesting" is the end of the relevant performance period. The outcome for that period and the number of awards that vest will not be known until July of the appropriate year.

No share awards were made in 2007/08 as awards under the Performance Share Plan were made in April 2007 (during the 42 days following Admission) and the performance period for those awards ends at the same time as the performance period for any awards that may have been made during that Year.

DIRECTORS' SHAREHOLDINGS

The beneficial interests of the directors in office on 26 April 2009 and of their families in both cases at the beginning of the Year, or at the date of appointment if later, and at the end of the Year in the share capital of the Company are shown below:

	Ordinary Shares 27 April 2008	Ordinary Shares 26 April 2009 and 16 July 2009
Mike Ashley	410,400,000	410,400,000
Simon Bentley	-	250,000
Malcolm Dalgleish	75,000	80,694
Dave Forsey	1,000,000	1,000,000
Bob Mellors	1,000,000	1,000,000
Dave Singleton	3,621	153,621

PENSION CONTRIBUTIONS

The Company made no contributions to directors' money purchase pension schemes during the year.

Dave Singleton
Chairman of the Board Remuneration Committee
16 July 2009

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profits or loss of the Group for that period. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs)

The directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (UK GAAP).

In preparing each of the Company and Group 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 applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statement;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concerns basis unless it is inappropriate to presume that the Company and Group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They have general responsibility for the system of internal control, taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

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

In so far as the directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

To the best of my knowledge:

(a) 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 of the Company and of the undertakings included in the consolidation taken as a whole;

and

(b) the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By Order of the Board

Dave Forsey
Chief Executive

Bob Mellors
Group Finance Director

16 July 2009

The Board recognises the importance of balancing the interests of all its key stakeholders, including customers, employees, shareholders, suppliers and the communities in which it operates. A formal Corporate and Social Responsibility policy was adopted last year and the Board is committed to applying and developing this policy at every level of the business.

Last year we reported that the focus of our CSR activities were in five key areas, Employees Health and Safety, Customers, the Environment and the Community, and this remains the case. The Group has developed Key Performance Indicators (KPIs) in respect of these areas, which are further discussed in this report and in the Chief Executive's Report and Business Review on Page 8. These KPIs are based solely on our UK operations.

This report examines each key area in turn, reviewing the current situation, the facts, figures and our successes to date, and the opportunities for the present year and for the future.

EMPLOYEES

The Group currently employ 15,900 people in the UK and 750 elsewhere in the world. As the business continues to grow it is the skill and enthusiasm of these employees that are key to its success.

In the UK 93% of our people work in our stores and in store management. 5% of the UK workforce work at our Shirebrook campus, of which 3.8% work in our National Distribution Centre, and 1.2% in the Group Head Office, Finance, Buying, Brands, Retail and IT departments. Of our UK Workforce 58% are male and 42% female.

Employee retention is one of our key KPIs. This Year 29.0% of our UK employees left the business; the vast majority of them were from our stores.

Retention of employees is extremely important both in terms of retaining expertise, and as a measure of employee satisfaction, and the Board receives a monthly report on the turnover of employees.

The Group believes in rewarding employees with fair salaries together with the opportunity to earn additional pay in the form of bonuses. We monitor our rates of pay against national statistics on an annual basis. We believe that performance based rewards are beneficial to the business and foster greater employee involvement in it, and this policy starts at the Board and flows down to all levels of the business. The Bonus Share Scheme, described in the Directors' Remuneration Report on page 24, is intended to motivate further the Group's UK permanent employees in UK Retail, Brands and Head Office, provide them with a direct and substantial link between Group performance and their remuneration, and encourage employee participation in the shares of the Group.

Last year the Staff Forum was established in Shirebrook, comprising elected representatives from across departments and representatives of management. The Forum meets monthly and discussions cover issues ranging from pay, holidays and hours, to health and safety, working conditions, equipment needs and developments in and the performance of the business. The Forum encourages open discussion and a Board member will attend at least once a year. Minutes of the Forum's meetings are posted on notice boards and representatives are encouraged to seek and reflect the views of their constituents.

The Group recognises the right of employees to membership of a trade union and has entered into an agreement with the trade union Unite in respect of collective bargaining of pay, hours of work and holidays of certain groups of employees in the National Distribution Centre.

The Group is committed to the equal treatment of its employees and has formal policies in place that are reviewed on a regular basis. The Equal Opportunity and Diversity policies ensure that employees are treated as individuals, fairly and with respect providing fair and equal opportunities to employees regardless of age, gender, ethnicity, social background, religion, disability or sexuality.

Every effort is made to provide disabled people with equal opportunities for work, training and promotion. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes. Where an existing employee becomes disabled the business makes every effort to provide continued employment in the same or similar job or by offering retraining in order that the employee's employment within the Group may continue.

We continually review and update all our policies and procedures. The employee handbook is being updated and will be distributed to all employees during 2010.

The Group places great importance in the training and development of employees. We want them to be able to perform their duties to the best of their abilities while wanting to retain these skills within the business.

Comprehensive induction training for managers and area managers takes place at Shirebrook covering health and safety, environmental awareness, customer service and the day to day running of a retail unit. During the Year 200 managers and assistant managers attended this training, compared to 171 last year.

Each retail unit ensures that all its employees receive induction training. The Group's training strategy is to train managers who are then tasked to ensure that all their employees receive training that is tailored to the circumstances of their own business unit. We monitor how well training is being filtered down into the workplace by undertaking surveys of our store employees.

Last year it was reported that a management training programme covering interview skills, effective communication, people skills and employment law would be introduced during 2008, which it was. During the Year 113 employees attended the programme and it is expected that the number of attendees will increase in coming years.

The Group, as reported last year, has introduced refresher training as part of a rolling programme, to ensure that all employees reinforce their existing skills and update their knowledge and practices.

During the Year a training programme providing specialist training for those employees responsible for the footwear departments within stores was launched in order to raise the standards of service given to customers in this area. Other specific training manuals on rackets, cricket and golf have been rolled out on the company intranet to ensure that all employees improve their knowledge in these areas.

All National Distribution Centre employees are given appropriate training on joining on health and safety matters, communication, and relevant aspects of employment law. English is not the first language of many of these employees, and the Group acknowledges that as it recruits from a diverse talent pool the needs of these employees must be addressed. Accordingly, training often involves the use of interpreters, and training materials, policy documents and building signage are usually in multiple languages.

The Group promotes and fosters a culture of personal development for all. The Group's policy is to always look for internal promotion before external recruitment.

HEALTH AND SAFETY

The Group is committed to appropriate standards of health and safety performance. The Board has ultimate responsibility for Group health and safety performance, and receives a monthly report on reportable accidents. The Chief Executive has specific responsibility for health and safety and is the Chairman of the Health and Safety Committee, which meets at least four times a year and considers legislation, monitors accidents and seeks improvements in health and safety matters throughout the businesses.

There were no environmental prosecutions or work related fatalities in the business during 2008/09. During the Year 1,397 (2008:1,561) accidents across the Group were reported to Head Office, and of these 45 (2008:38) were reportable to the Health and Safety Executive. Most accidents were slips, trips and minor lacerations that occurred within the stores. As reported last year, greater emphasis on health and safety training within the business has lead to increased awareness of reporting procedures and recording of incidents under health and safety legislation.

Training is undertaken in house by a team of qualified and experienced health and safety officers. Going forward the health and safety team will continue to train store employees and monitor health and safety standards.

CUSTOMERS

The Group aims to ensure that all its customers enjoy a quality customer service and that they are provided with products that are safe and fit for purpose. The business recognises that customers have diverse needs and works constantly towards meeting them.

Monitoring customer satisfaction and responding to correspondence is a continuous process. Customer Service teams collate management information on service levels and this is circulated to the Board on a monthly basis. All written complaints are recorded, including an analysis of the nature of the complaint so that trends can be assessed and appropriate action taken. This Year 4,820 complaints were logged with our customer service team, a reduction of 7.49% on last year. The Group is constantly working on ways to improve customer service at all levels within the Company from the retail stores, head office and through our website.

During 2008/09 a customer service handbook and returns guide was issued to all stores to strengthen and build upon the customer service training that all employees undertake.

Our aim for the future is to also offer our customers an online customer comment form that can be dealt with entirely electronically. This will reduce the time it takes for our customers to contact us and receive a response thereby increasing our service levels, whilst reducing the print and postage costs for both the Group and customers. We are also integrating the store and website customer service functions to reduce costs and increase expertise available to handle the complaints process.

ENVIRONMENT

As a Group we are aware that our operations impact the environment in a number of ways and it is our responsibility to manage effectively the areas we have direct control over while attempting to influence the actions of other areas that are outside of our control. We seek to reduce the negative impact the Group has on the environment while working towards compliance with the Government's Carbon Reduction Commitment. Building upon investigations last year we have identified property, in particular energy usage in our stores, transport and waste management at both our Shirebrook and in stores as areas, where we can make a difference.

The Group is committed to reducing its carbon footprint. Our network of 359 stores is the largest user of energy in the Group and therefore the biggest contributor to CO^2 emissions.

As reported last year the Group in conjunction with an external consultancy monitor the daily usage of energy in a number of stores in the UK Retail business and the Shirebrook campus. During the Year the number of stores being constantly and remotely monitored has increased from 150 to 188. Poorly performing stores are identified and steps taken to reduce wastage, and lessons learnt applied across the store portfolio. During the Year the UK Retail business and Shirebrook used 99GWh of electricity, a 8.54% decrease on the previous year's consumption. The target reduction was 10% (which was not achieved) but the shop floor square footage in UK retail had increased by 134,403 square feet. Night time consumption decreased by 14%, beating the target of 7%. The year on year reduction has been achieved through a back to basics approach, improved energy awareness and good housekeeping. A bonus scheme is in place for all store managers, of which energy consumption reduction is a key performance measure.

The second biggest contributor to our $C0^2$ emission is the fleet of vehicles that service the stores. We have 143 commercial vehicles travelling approximately 5.5 million miles per year using 3 million litres of diesel. The fleet has recently been updated so that all the vehicles are all Euro V emission compliant, and considerable effort is made to minimise mileage covered.

The business has made further progress with its recycling and reducing the amount of waste that is put into landfill.

Where possible we recycle electrical waste, ink toners, redundant IT equipment and light bulbs. This Year we recycled 1,148 (2008:1,648) units of electrical equipment, the reduction being largely due to the decrease in number of stores as a consequence of the disposal of Original Shoe Company, and the completion of the integration of acquired stores.

The Group recycles waste paper, cardboard, metal, and plastic. During the Year 40 tonnes of waste paper, 6,007 tonnes of cardboard, 33 tonnes of metal and 469 tonnes of plastic were recycled. 90% of the recycled plastic had been back filled from stores. Where possible we also recycle the wood that we collect at our distribution centre. In the past all wood was sold for recycling, but it has now been determined to be cost effective to repair pallets, and a programme of repair will begin in 2009/10.

We work hard to reduce the amount of waste going to landfill and during the Year this reduced to 1,333 tonnes from 1,400 tonnes in 2008.

Since 2006 we have reused clothes hangers within stores, only returning a hanger to our distribution centre for disposal when damaged. Through our employees concerted efforts we have reduced the number of hangers purchased to under 2,700 hangers per store for 2008/09 (2007/08: 4,200), reusing over 600,000 hangers during the Year.

The Group has always kept its transit packaging to a minimum by the use of metal roll cages. Each product is individually picked and packed into the roll cage for onward movement to the stores. Only in exceptional circumstances are plastic bags used to transport products.

An increasing number of our stores return their cardboard and plastic waste to Shirebrook where it is recycled. We are conducting an in-depth review of how our remaining store waste is disposed of and how it can be reduced and recycled.

As reported last year all stores now use biodegradable carrier bags and provide the option of a bag for life.

Our aim for the coming years are to improve year on year the amount of waste that is recycled and reduce the amount of waste we send to landfill.

COMMUNITY

We recognise that consumers and stakeholders are becoming increasingly interested in where we source our products.

The Group continues to procure merchandise from manufacturers who can show that they uphold ethical employment and trading practices. The Group has a Code of Ethics that it requires every supplier to adhere to. Amongst other matters the Code provides for fair treatment of workers and their wages, non-use of child labour, safe and healthy systems of work and no use of illegal means or materials in the production of goods.

The Group has worked for many years with two leading supply chain companies in Singapore and in South Korea to procure much of its own brand goods. The Group believes that using their local knowledge, expertise and experience, benefits the business and the communities in which they operate more effectively than would be the case if the Group carried on its own procurement activities in those countries. Both companies have the highest social and business ethics codes which match our Code of Ethics, and one adheres to the Social Accountability 8000 (SA8000) Code.

The Group relies on those supply chain companies to inspect all suppliers and manufacturers premises. Between them they have over 100 employees that are based within each manufacturing unit for 2 to 3 days per week. Frequent inspections are carried out randomly at short notice to ensure that the goods meet the Group's quality standards as well as assessing continued compliance with SA8000 and the Group's Code of Ethics. The Group complies with an internationally recognised list of chemicals that are banned for use in fabrics. The supply chain companies conduct random tests on fabric which are then taken to a recognised laboratory for quality testing and to check that these banned chemicals are not being used.

The Group has forged long term relationships with suppliers who have demonstrated that their work practices are consistent with the Group's standards. Approximately 40% of the Group's current suppliers have been working with Group companies for 10 years or more and they comply with ISO 9001 standards.

In the UK, Sports Direct is the official sportswear partner of Cancer Research UK's Race For Life.

The Group endeavours to promote the participation in a wide range of sporting activities primarily for children that would not normally have access to the expertise or equipment needed for the sport.

The Group supports grassroots development programmes for squash and badminton in Manchester. To date in squash, as a result of Dunlop's provision of sporting equipment including rackets and balls, over 70 primary schools and approximately 1,300 children aged 6-10 have been able to participate in the sport. In addition, over 100 children with disabilities have also had the chance to try the sport using the equipment supplied by Dunlop. Approximately 20 qualified coaches are also supported by Dunlop to deliver the various development programmes in place, with a total of £20,000 of product donated throughout the Year.

Carlton, the Group's specialist badminton brand has provided over 30 primary schools with equipment, including rackets and shuttlecocks, helping over 500 children take part in the sport. In addition, a further 250 children aged between 6-16 years have also participated in the sport as part of holiday camps supported by sporting equipment totalling £10,000 provided by Carlton.

Slazenger are the exclusive cricket equipment supplier to the country's most recognised grassroots cricket development programme, 'Chance to Shine', which is run through the English Cricket Boards charitable arm, the Cricket Foundation. 'Chance to Shine' is a national campaign delivered through individual projects throughout England and Wales. Each project provides a structured coaching and competition programme for a group of schools that would not normally have the chance to participate in the sport. The schools are supported by professional qualified coaches, who are specifically trained to work in a school environment, and the programme provides equipment and training for teachers. In 2008/09, 'Chance to Shine' delivered 300 projects involving 300 cricket clubs throughout 2,000 schools. The programme expands each year through an additional 100 clubs and 600 schools and, subject to funding, will ultimately reach one third of all primary and secondary schools and support two million young people, initially, over a ten-year period. To date, over 226,000 children have benefitted from the programme by receiving over 56,000 hours of coaching and discounted cricket equipment to the value of £130,000 has been supplied by Slazenger to enable the programme to run successfully.

Dunlop, through its support of The Dunlop Table-Tennis Masters Event, is also contributing to the improvement in the lives of over 8,000 young people every week in secondary schools. It is also with Dunlop's support that the event organizers Greenhouse, are able to organize activities that benefit these young people, helping them develop positive life skills through sport and performing arts in areas of social deprivation.

In addition, Dunlop's global "D Squad" talent support programme continues to increase participation and performance levels of the most talented juniors in tennis from around the world. Over 600 children world-wide are continuing to benefit from the programme. The Group also continues to supply the International Tennis Federation with tennis equipment to their Junior Development programme which promotes tournaments for young people aged between 14-18 years in Central America, the Caribbean, South America, Eastern Europe, Africa, Asia and the Pacific regions.

In the United States, Everlast one of the Group's specialist boxing brands support numerous initiatives. Everlast assists in running the New York Golden Gloves, the most prestigious amateur boxing tournament in the country by providing products such as gloves and personal protective equipment. This is a grassroots initiative that benefits men and women age 16-34 as they compete in amateur boxing and around 900 boxers compete each year. Everlast supported this programme by supplying $20,000 worth of equipment each year.

USA Boxing is a non-profit, national governing body of amateur Olympic-style boxing, and is the United States' member organization of the International Amateur Boxing Association (AIBA). Everlast assists USA Boxing with the provision of a mixture of boxing related product to a value of $60,000. This helps the men's, women's, and junior Olympic boxing programs whose primary ages are 14-34 years, as well as coaches and officials.

The National Police Athletics/Activities Leagues, Inc (PAL) aim is to help prevent juvenile crime and violence by providing civic, athletic, recreational and educational opportunities and resources to PAL Chapters. Everlast is the Official boxing partner of the National PAL and provides equipment and apparel for their annual boxing tournament and National PAL boxing team. Everlast has also assisted in the development of additional youth programs, and new Chapter openings.

The Breast Cancer Research Foundation (BCRF) is dedicated to finding a cure for breast cancer by funding clinical and genetic research. The foundation benefits women of all ages who have been affected by the disease as well as women who may be at risk in their lifetime. Everlast donates to the BCRF a proportion of the retail price of every pink hand wrap, pink training gloves and key chains sold.

The Edwards Family Foundation was formed in 2001 with the intention of providing holidays to less fortunate children. Everlast routinely donates over $5,000 in product, and supplies athletes to attend their charity benefits.

The Dr. Theodore Atlas Foundation was formed by world renown boxing trainer Teddy Atlas, The Atlas foundation provides financial assistance for medical bills to benefit lower income families in need. Everlast provides a $10,000 annual product donation, as well as an additional $1,000 educational scholarship.

FINANCIAL STATEMENTS

We have audited the group financial statements of Sports Direct International plc for the 52 week period to 26 April 2009 which comprise, the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and notes 1 to 39. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements
In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 26 April 2009 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

- In our opinion the information given in the Directors' Report for the 52 week period to 26 April 2009 for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

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

- 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 14, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the 2006 Combined Code specified for our review.

Other matters
We have reported separately on the parent company financial statements of Sports Direct International plc for the 52 week period to 26 April 2009 and the information in the Directors' Remuneration Report that is described as having been audited.

David Miller
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP, Registered Auditor, Chartered Accountants
London
16 July 2009

	Notes	52 weeks ended 26 April 2009 £'000	52 weeks ended 27 April 2008 £'000
Continuing operations:			
Revenue	1,4	1,367,321	1,259,510
Cost of sales		(809,685)	(709,809)
Gross profit		557,636	549,701
Selling, distribution and administrative expenses		(463,297)	(444,109)
Other operating income	5	4,004	4,023
Exceptional items	6	(30,514)	-
Operating profit	4, 7	67,829	109,615
Profit on disposal of available-for-sale financial assets	9	1,035	41,367
Transfer of historic losses on available-for-sale financial assets	9	(53,156)	-
Dividend income from investments	9	172	2,507
Finance income	10	15,927	5,370
Finance costs	11	(23,633)	(45,006)
Share of profit/(loss) of associated undertakings and joint ventures	16	2,482	5,020
Profit before taxation		10,656	118,873
Taxation	12	(26,164)	(41,126)
(Loss)/profit for the period	4	**(15,508)**	**77,747**
Attributable to:			
Equity holders of the Group	22	(15,838)	78,182
Minority interests	24	330	(435)
(Loss)/profit for the period	4	(15,508)	77,747

Earnings per share from total and continuing operations attributable to the equity shareholders

		Pence per share	Pence per share
Basic earnings per share	13	(2.79)	12.23
Diluted earnings per share	13	(2.79)	12.23

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE 52 WEEKS ENDED 26 APRIL 2009

	Notes	52 weeks ended 26 April 2009 £'000	52 weeks ended 27 April 2008 £'000
Exchange differences on translation of foreign operations	22	44,654	4,763
Actuarial (losses)/gains on defined benefit pension schemes	26	(449)	1,683
Fair value adjustment in respect of available-for-sale financial assets	17	(28,586)	(20,571)
Transfer of historic losses on available-for-sale financial assets	17	53,156	-
Taxation on items taken directly to equity	27	(6,849)	5,760
Income and expense recognised directly in equity		61,926	(8,365)
(Loss)/profit for the period	4	(15,508)	77,747
Total income and expense recognised in the period		46,418	69,382
Attributable to:			
Equity holders of the Group		46,088	69,817
Minority interests		330	(435)
		46,418	69,382

The accompanying accounting policies and notes form part of these financial statements.

	Notes	52 weeks ended 26 April 2009 £'000	52 weeks ended 27 April 2008 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	295,795	322,792
Intangible assets	15	221,958	185,010
Investments in associated undertakings and joint ventures	16	32,379	28,452
Available-for-sale financial assets	17	5,467	65,714
Deferred tax assets	27	15,468	29,110
		571,067	631,078
Current assets			
Inventories	18	262,263	218,763
Trade and other receivables	19	111,932	94,481
Deferred tax assets	20	32,358	25,418
		406,553	338,662
TOTAL ASSETS		977,620	969,740
EQUITY AND LIABILITIES			
Share capital	21	64,045	64,045
Share premium	23	874,300	874,300
Treasury Shares reserve	22	(85,083)	(201,483)
Permanent contribution to capital	23	50	50
Capital redemption reserve	23	8,005	8,005
Foreign currency translation reserve	22	48,580	3,926
Reverse combination reserve	23	(987,312)	(987,312)
Own share reserve	22	(6,094)	-
Retained earnings	22	233,964	363,636
		150,450	125,167
Minority interests	24	3,232	3,242
Total equity		153,682	128,409
Non-current liabilities			
Other payables		2,656	2,829
Borrowings	25	4,173	14,255
Derivative financial liabilities	29	-	14,744
Retirement benefit obligations	26	12,324	11,705
Deferred tax liabilities	27	33,490	26,422
Provisions	28	36,419	22,910
		89,602	92,865
Current liabilities			
Derivative financial liabilities	29	34,993	32,894
Trade and other payables	30	209,739	207,598
Borrowings	25	458,899	476,400
Current tax liabilities		30,705	31,574
		734,336	748,466
Total liabilities		823,938	841,331
TOTAL EQUITY AND LIABILITIES		977,620	969,740

The accompanying accounting policies and notes form part of these financial statements. The financial statements were approved by the Board on 16 July 2009 and were signed on its behalf by:

Bob Mellors
Director

	Notes	52 weeks ended 26 April 2009 £'000	52 weeks ended 27 April 2008 £'000
Cash inflow from operating activities	32	117,470	59,519
Income taxes paid		(25,305)	(37,638)
Net cash inflow from operating activities		92,165	21,881
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		3,002	9,924
Proceeds on disposal of listed investments		13,807	595,921
Derecognition of listed investments		20,298	-
Proceeds on disposal of subsidiary		-	5,000
Purchase of subsidiaries, net of cash acquired	31	(6,608)	(108,188)
Purchase of intangible assets		(3,958)	(657)
Purchase of property, plant and equipment		(33,872)	(128,180)
Purchase of listed investments		(4,887)	(565,392)
Investment income received		2,088	3,696
Net cash outflow from investing activities		(10,130)	(187,876)
Cash flow from financing activities			
Finance income received		1,161	3,104
Finance costs paid		(23,633)	(39,831)
Increase in/(repayments of) borrowings		1,745	(9,403)
Equity dividend paid		(25,580)	(7,416)
Purchase of treasury shares		-	(201,483)
Net cash outflow from financing activities		(46,307)	(255,029)
Net increase/(decrease) in cash and cash equivalents including overdrafts		35,728	(421,024)
Cash and cash equivalents including overdrafts at beginning of period		(446,053)	(25,029)
Cash and cash equivalents including overdrafts at the period end	20	(410,325)	(446,053)

The accompanying accounting policies and notes form part of these financial statements.

1. ACCOUNTING POLICIES

The consolidated financial statements of Sports Direct International Plc (the "Company") and its subsidiaries (together the "Group") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

No new IFRSs, International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments have been adopted in the financial statements.

Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS as adopted for use in the European Union (including International Accounting Standards ("IAS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted for use in the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified to include fair valuation of financial assets and derivative financial instruments.

Consolidation

The consolidated financial statements consolidate the revenues, costs, assets, liabilities and cash flows of the Company and its subsidiaries, being those entities in relation to which the Company has the power to govern the financial and operating policies, generally achieved by a share of more than 50% of the voting rights.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the consolidated income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities and contingent liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Associates and joint ventures

Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights.

A joint venture is an entity in which the Group holds an interest on a long term basis and which is jointly controlled by the Group and one or more other ventures under a contractual agreement.

The Group's share of the results of associates and joint ventures is included in the Group's consolidated income statement using the equity method of accounting. Investments in associates and joint ventures are carried in the Group's consolidated balance sheet at cost plus post acquisition changes in the Group's share of the net assets of the associates, less any impairment in value. The carrying values of investments in associates and joint ventures include acquired goodwill.

If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the associate or joint venture.

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity.

Investments

For available-for-sale investments (except for contracts for difference), gains and losses arising from changes in fair value are recognised directly in equity through the statement of recognised income and expense, until the security is disposed or derecognised at which time the cumulative gain or loss previously recognised in equity is included in the consolidated income statement for the period. If an available-for-sale investment is determined to be impaired, the cumulative loss previously recognised in equity is included in the income statement for the period.

Contracts for difference are a type of financial instrument and therefore gains and losses arising from changes in fair value of these investments are recognised directly in the income statement.

Goodwill

Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually or when a change in circumstances or situation indicates that the goodwill has suffered an impairment loss. Any impairment is recognised immediately in the income statement. Gains and losses on the disposal of a business include the amount of goodwill relating to that business.

When the minority interests of an existing subsidiary are acquired the carrying value of the minority interests in the balance sheet is eliminated. The excess of consideration over the carrying value of the minority interests is recognised in the balance sheet as goodwill and is not amortised.

Other intangible assets

Brands, trade marks and licences that are internally generated are not recorded on the balance sheet. Acquired brands, trade marks and licences are initially carried on the balance sheet at cost. The fair value of brands, trade marks and licences that are acquired by virtue of a business combination is determined at the date of acquisition and is subsequently assessed as being the deemed cost to the Group.

No amortisation is charged on brands, trade marks or perpetual/renewable licences with an indefinite life as the Group believes that the value of these brands and trade marks can be maintained indefinitely. The Group carries out an impairment review on the intangible assets, at least annually, or when a change in circumstances or situation indicates that those brands have suffered an impairment loss. Impairment is measured by comparing the carrying amount of the intangible asset as part of the cash generating unit (CGU) with the recoverable amount of the CGU, that is, the higher of its fair value less costs to sell and its value in use. Value in use is calculated by discounting the expected future cash flows, using a discount rate based on an estimate of the rate that the market would expect on an investment of comparable risk.

Amortisation is provided on brands, trade marks and licences with a definite life over their useful economic lives of 10 to 15 years and is accounted for within the selling, distribution and administrative expenses category within the income statement.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the income statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment other than freehold land and is calculated on a reducing balance basis or straight-line basis, whichever is deemed by the directors to be more appropriate, to allocate cost less assessed residual value, other than assets in the course of construction, over the estimated useful lives, as follows:

Freehold buildings	-	2% per annum
Leasehold property	-	over the term of the lease
Plant and equipment	-	between 5% and 33% per annum

The assets' useful lives and residual values are reviewed and, if appropriate, adjusted at each balance sheet date.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the income statement.

Impairment of assets other than goodwill and intangible assets with an indefinite life

At each balance sheet date, the directors review the carrying amounts of the Group's tangible and intangible assets, other than goodwill and intangible assets with an indefinite life, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cashgenerating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1. ACCOUNTING POLICIES CONTINUED

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognised for cash generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior periods. A reversal of an impairment loss is recognised in the income statement immediately.

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

In the case of income generated from trade marks and licences, revenue is recognised on an accruals basis in accordance with the relevant agreements or on a transactional basis when revenue is linked to sale or purchase volumes.

Revenue from property related transactions is recognised when the relevant service is provided.

Exceptional items

The Group presents as exceptional items on the face of the income statement those significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods to assess trends in financial performance more readily.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Government grants and similar income

Income from government grants and similar income such as landlord contributions and inducements that compensate the Group for the cost of an asset are recognised in the balance sheet as a deduction in arriving at the carrying amount of the related asset. This is considered to reflect the true cost of the asset to the Group. The amount is recognised in the consolidated income statement over the life of the depreciable asset by way of a reduced depreciation charge. To date the Group has not received government grants in compensation for expenses charged in the consolidated income statement.

Foreign currencies

The presentational currency of the Group is Sterling. Foreign currency transactions are translated into Sterling using the exchange rates prevailing on the dates of the transactions. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses which are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than Sterling are translated into Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiary undertakings are translated at average rates applicable in the period. All resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is sold, combined exchange differences that have been recognised as a separate component of equity are recognised in the income statement as part of the gain or loss on disposal.

In order to mitigate its exposure to certain foreign exchange risks, the Group enters into forward contracts (See Chief Executive's report).

Inventories

Inventories are valued at lower of cost and net realisable value. Cost includes the purchase price of the manufactured products, materials, direct labour, transport costs and a proportion of applicable overheads. Cost is calculated using FIFO (first in, first out). Net realisable value is based on the estimated selling price less all estimated selling costs.

Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost under the effective interest method less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits held with banks.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of goodwill or initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Pensions

The Group operates pension plans for the benefit of certain employees, including both defined contribution and defined benefit plans.

In relation to its defined contribution plans, the Group makes contributions to independently administered plans, the contributions being recognised as an expense when they fall due. The Group has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

In relation to its defined benefit schemes, the Group recognises in its balance sheet the present value of its defined benefit obligations less the fair value of plan assets. The current service cost is charged against operating profit. Interest on the scheme liabilities is included in finance costs and the expected return on scheme assets is included in finance income.

The defined benefit obligation is calculated at each period end by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating the terms of the related pension liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected in the statement of recognised income and expense in the period in which they arise.

Borrowings and borrowing costs
Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

Borrowing costs, being interest and other costs incurred in connection with the servicing of borrowings, are recognised as an expense when incurred.

Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Group provides for dilapidations costs following advice from chartered surveyors and previous experience of exit costs. The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. The capital element is recognised as a decommissioning cost and depreciated over the life of the asset. The non-capital element is taken to the income statement in the first year of the lease where the cost it represents is of no lasting benefit to the Group or its landlord. 'Wear and tear' costs are expensed to the income statement. Provisions for onerous lease contracts are recognised when the Group believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

Leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The asset subject to the finance lease is depreciated over the shorter of its useful life and the lease term. The corresponding rental obligations, net of finance charges, are included as a liability.

Leases of property, plant and equipment where the Group does not have substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term. Incentives provided by the lessor are credited to the income statement on a straight-line basis over the minimum lease term.

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

Derivative financial instruments
The most significant exposure to foreign exchange fluctuations relates to purchases made in foreign currencies, principally the US dollar. The Group's policy is to reduce substantially the risk associated with purchases denominated in foreign currencies by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The foreign exchange contracts do not meet the criteria for treatment as an effective hedge and accordingly any gain or loss is recognised immediately in the income statement.

Derivative financial instruments are measured at fair value. Gains or losses on derivative financial instruments related to financing activities are included in finance costs when recognised in the income statement.

Treasury Shares
The purchase price of the Group's own shares that it acquires is recognised as 'Treasury Shares' within equity. The difference between the market value and the average purchase price of shares sold out of Treasury is transferred to retained earnings.

Employee Benefit Trust
The cost of shares acquired by the Sports Direct Employee Benefit Trust is recognised within 'Own share reserve' in equity.

Share-based payments
The Group issues equity-settled share-based payments to certain directors and employees. These are measured at fair value at the date of grant which is expensed to the consolidated income statement on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Monte Carlo method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. No share-based payment charge was recognised for the 52 weeks ended 26 April 2009 as the directors did not consider it material to the Group's financial results or position.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of any direct issue costs.

Dividends
Dividends are recognised as a liability in the Group's financial statements and as a deduction from equity in the period in which the dividends are declared. Where such dividends are proposed subject to the approval of shareholders, the dividends are regarded as declared once shareholder approval has been obtained.

International Financial Reporting Standards ("Standards") in issue but not yet effective
At the date of authorisation of these consolidated financial statements, the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. These standards and interpretations are not effective for and have not been applied in the preparation of the consolidated financial statements:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (revised 2008) (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008)
- IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

The directors anticipate the adoption of IAS 1 will have a significant impact on the presentation of primary statements. The adoptions of the other stated standards and interpretations in future periods are not expected to have a material impact on the net assets or results of the Group.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The critical accounting estimates and judgements made by the Group regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year are:

Impairment of goodwill
The calculation for considering the impairment of the carrying amount of goodwill requires a comparison of the present value of the cash generating units to which the goodwill has been allocated, to the value of goodwill in the balance sheet. The calculation of present values requires an estimation of the future cash flows expected to arise from the cash generating units and the selection of a suitable discount rate. The key assumptions made in relation to the impairment review of goodwill are set out in Note 15.

Impairment of other intangible assets
The calculation for considering the impairment of the carrying amount of other intangible assets with an indefinite life, specifically brands, trade marks and licences, requires a comparison of the present value of the cash generating units to the value of the other intangible assets in the balance sheet. The calculation of present value requires an estimation of the future cash flows expected to arise from the other intangible assets and the selection of a suitable discount rate. The key assumptions made in relation to the impairment review of goodwill are set out in Note 15.

Useful economic life of intangible assets
For intangible assets which have a finite life, the directors revisit their estimate of useful economic life at each period end and revise accordingly. Licences and trade marks typically have a life of between 10 and 12 years.

Identification and valuation of acquired intangible assets
On acquisition, each material separable intangible asset is identified and valued by the directors with assistance from a professional third party. Any such calculation is judgmental in nature as it is based on a valuation methodology.

Brand valuations are typically valued using the relief from royalty valuation methodology.

The nature and carrying amounts of these assets are set out in Note 15.

Provision for obsolete, slow moving or defective inventories
The directors have applied their knowledge and experience of the sports retail industry in determining the level and rates of provisioning required in calculating the appropriate inventory carrying values. The nature and carrying amounts are set out in Note 18.

Financial position of retirement benefit plans
The net defined benefit pension plan assets or liabilities are recognised in the Group's balance sheet. The determination of the financial position requires assumptions to be made regarding inter alia future salary increases, mortality, discount rates and inflation. The key assumptions made in relation to the pension plan are set out in Note 26.

Provision for dilapidations and onerous lease contracts
The basis of the estimation of the provisioning for dilapidations and onerous lease contracts is detailed in the provision accounting policy and Note 28.

Estimates and judgments are continually evaluated and are based on historical experience, external advice and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. FINANCIAL RISK MANAGEMENT

The Group's current activities result in the following financial risks and management's responses to those risks in order to minimise any resulting adverse effects on the Group's financial performance.

Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Interest rate risk
The Group has net borrowings, which are principally at floating interest rates linked to bank base rates or LIBOR. The Group does not use interest rate financial instruments to hedge its exposure to interest rate movements. The Group regularly monitors and reacts accordingly to any exposure to fluctuations in interest rates and the impact on its monetary assets and liabilities.

Credit risk
The directors have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At each balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating and investment criteria approved by the Board.

Liquidity risk
The availability of adequate cash resources is managed by the Group through utilisation of its revolving bank and other facilities together with equity and retained profits thereby achieving continuity of funding and short-term flexibility.

Capital management
A description of the Group's objectives, policies and processes for managing capital are included in the financial review on page 25 of this report.

4. SEGMENTAL ANALYSIS

Primary reporting format — business segments

For management purposes, the Group is organised into and reports its performance between two business segments, Retail and Brands. The Retail business segment comprises the retail network of stores and the Brands business segment comprises the identification, acquisition, development and trading of a portfolio of internationally recognised sports and leisure brands.

Segment information about the business segments is presented below:

Segmental information for the 52 weeks ended 26 April 2009:

	Retail					Brands			Eliminations	Total
	UK retail	UK wholesale & other	UK total	International Retail	Total	Wholesale	Licensing	Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sales to external customers	1,006,462	28,019	1,034,481	102,329	1,136,810	203,566	26,945	230,511	-	1,367,321
Sales to other segments	-	2,274	2,274	361	2,635	18,248	-	18,248	(20,883)	-
Revenue	1,006,462	30,293	1,036,755	102,690	1,139,445	221,814	26,945	248,759	(20,883)	1,367,321
Gross profit			424,677	44,625	469,302			88,334	-	557,636
Operating profit before foreign exchange and exceptional items			69,810	2,098	71,908			12,194	-	84,102
Operating profit			58,186	2,521	60,707			7,122	-	67,829
Profit on disposal of available-for-sale financial assets										1,035
Transfer of historic losses on available-for-sale financial assets										(53,156)
Investment income										172
Finance income										15,927
Finance costs										(23,633)
Share of profits of associated undertakings and joint ventures										2,482
Profit before taxation										10,656
Taxation										(26,164)
Loss for the period										(15,508)

Sales to other segments are priced at cost plus a 10% mark-up.

Other segment items included in the income statement for the 52 weeks ended 26 April 2009:

	Retail	Brands	Total
	£'000	£'000	£'000
Depreciation	43,230	2,312	45,542
Amortisation	388	2,556	2,944
Impairment	21,262	9,252	30,514

Information regarding segment assets and liabilities as at 26 April 2009 and capital expenditure for the 52 weeks then ended:

	Retail	Brands	Eliminations	Total
	£'000	£'000	£'000	£'000
Investments in associated undertakings and joint ventures	24,970	7,409	-	32,379
Other assets	780,938	481,001	(316,698)	945,241
Total assets	805,908	488,410	(316,698)	977,620
Total liabilities	(734,906)	(405,730)	316,698	(823,938)
Tangible asset additions	33,343	529	-	33,872
Intangible asset additions	2,837	1,121	-	3,958
Total capital expenditure	36,180	1,650	-	37,830

4. SEGMENTAL ANALYSIS CONTINUED

Segmental information for the 52 weeks ended 27 April 2008:

	Retail					Brands			Eliminations	Total
	UK retail	UK wholesale & other	UK total	International Retail	Total	Wholesale	Licensing	Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sales to external customers	957,652	31,956*	989,608	77,257	1,066,865	171,558	21,087	192,645	-	1,259,510
Sales to other segments	-	1,662	1,662	-	1,662	6,841	568	7,409	(9,071)	-
Revenue	957,652	33,618	991,270	77,257	1,068,527	178,399	21,655	200,054	(9,701)	1,259,510
Gross profit			439,741	32,382	472,123			77,578	-	549,701
Operating profit before foreign exchange and exceptional items			93,169	2,035	95,204			10,950	-	106,154
Operating profit			96,408	1,897	98,305			11,310	-	109,615
Profit on disposal of available-for-sale financial assets										41,367
Investment income										2,507
Finance income										5,370
Finance costs										(45,006)
Share of profits of associated undertakings and joint ventures										5,020
Profit before taxation										118,873
Taxation										(41,126)
Profit for the period										77,747

* Includes £10.5 million in relation to property transactions income at nil margin.

Sales to other segments are priced at cost plus a 10% mark-up.

Other segment items included in the income statement for the 52 weeks ended 27 April 2008:

	Retail	Brands	Total
	£'000	£'000	£'000
Depreciation	33,869	1,714	35,583
Amortisation	210	1,813	2,023
Impairment	-	1,394	1,394

Information regarding segment assets and liabilities as at 27 April 2008 and capital expenditure for the 52 weeks then ended:

	Retail	Brands	Eliminations	Total
	£'000	£'000	£'000	£'000
Investments in associated undertakings and joint ventures	21,040	7,412	-	28,452
Other assets	837,708	391,916	(288,336)	941,288
Total assets	858,748	399,328	(288,336)	969,740
Total liabilities	(726,064)	(363,037)	247,770	(841,331)
Tangible asset additions	126,223	1,957	-	128,180
Intangible asset additions	406	251	-	657
Total capital expenditure	126,629	2,208	-	128,837

Secondary reporting format — geographic segments
The Group operates in two geographic segments, UK and Non-UK. These geographic segments are the basis on which the Group reports its secondary segment information, as presented below:

Segmental information for the 52 weeks ended 26 April 2009:

	UK	Non-UK	Unallocated	Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Segmental revenue from external customers	1,101,960	265,361	-	-	1,367,321
Total capital expenditure	29,263	8,567	-	-	37,830
Segmental assets	1,011,497	282,821	-	(316,968)	977,620

Segmental information for the 52 weeks ended 27 April 2008:

	UK	Non-UK	Unallocated	Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Segmental revenue from external customers	1,047,717	220,864	-	(9,071)	1,259,510
Total capital expenditure	117,964	10,873	-	-	128,837
Segmental assets	1,027,686	230,390	-	(288,336)	969,740

5. OTHER OPERATING INCOME

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Rent receivable	3,157	2,744
Other	847	1,279
	4,004	4,023

6. EXCEPTIONAL ITEMS

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Impairment of intangible assets (note15)	14,832	-
Impairment of freehold property (note14)	15,682	-
	30,514	-

7. OPERATING PROFIT
Operating profit for the period is stated after charging/(crediting):

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Foreign exchange gains [1]	(14,241)	(3,461)
Depreciation of property, plant and equipment		
- Owned assets	45,533	35,332
- Assets held on finance leases	9	251
Amortisation of intangible assets	2,944	2,023
Operating lease rentals		
- Land and buildings	97,954	94,985
- Other	679	701

(1) Included within this amount for 2008 is a foreign exchange gain of £15,428,000 on disposal of available-for-sale financial assets.

7. OPERATING PROFIT CONTINUED

Services provided by the Group's auditor

For the 52 weeks ended 26 April 2009 the remuneration of the auditors, Grant Thornton UK LLP and associated firms, was as detailed below:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Audit of the Company's and the consolidated financial statements	140	140
Audit of subsidiary companies' financial statements	710	589
Other services provided pursuant to legislation	-	-
Other services relating to taxation	228	344
Services relating to corporate finance transactions	-	267
All other services	32	21

8. EMPLOYEE COSTS

The average monthly number of employees, including Executive Directors, employed by the Group during the period was:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	Number	Number
Retail stores	7,791	8,057
Distribution, administration and other	2,609	2,917
	10,400	10,974

The aggregate payroll costs of the employees, including executive directors, were as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Wages and salaries	144,317	137,665
Social security costs	10,874	10,332
Pension costs	531	376
	155,722	148,373

Aggregate emoluments of the directors of the Company are summarised below.

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Aggregate emoluments	554	516

Further details of directors' remuneration are given in the Directors Remuneration report on pages 38 to 43.

Details of certain key management remuneration are given in note 36.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Loss/Profit on disposal of available-for-sale financial assets (Note 17) [1]	1,035	41,367
Transfer of historic losses on available-for-sale financial assets (Note 17)	(53,156)	-
Dividend income from investments	172	2,507

(1) The profit for 2008 relates to the disposal of strategic stakes in Amer Sports Corp., adidas A.G and Umbro PLC.

10. FINANCE INCOME

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Bank interest receivable	1,161	3,068
Other interest receivable	-	36
Expected return on pension plan assets (Note 26)	2,121	2,266
Fair value adjustment to forward foreign exchange contracts (Note 29) [1]	12,645	-
	15,927	5,370

(1) The fair value adjustment to forward foreign exchange contracts relates to adverse differences between the fair value of forward foreign currency contracts from one period end to the next.

11. FINANCE COSTS

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Interest on bank loans and overdrafts	19,980	32,955
Interest on other loans and finance leases	1,147	4,559
Expected return on pension plan assets (Note 26)	2,506	2,317
Fair value adjustment to forward foreign exchange contracts (Note 29) [1]	-	5,175
	23,633	45,006

(1) The fair value adjustment to forward foreign exchange contracts relates to adverse differences between the fair value of forward foreign currency contracts from one period end to the next.

12. TAXATION

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Current tax	31,280	40,588
Adjustment in respect of prior periods	(6,844)	(2,251)
	24,436	38,337
Deferred tax (Note 27)	1,728	2,789
	26,164	41,126
Tax reconciliation		
Profit before taxation	10,656	118,873
Taxation at the standard rate of tax in the UK of 28% (2008: 28%)	2,983	33,284
Tax effects of:		
Expenses not deductible for tax purposes	8,156	3,418
Impact of tax losses and other short-term temporary differences not recognised in deferred tax	1,050	2,613
Deferred tax recognised in respect of unremitted earnings from an associate	-	(965)
Unrelieved foreign tax	536	90
Derecognition of listed investments	14,884	-
Other tax adjustments	267	2,127
Effect of change in UK rate from 30% to 28%	-	2,810
Adjustments in respect of prior periods - Current tax	(6,844)	(2,251)
Adjustments in respect of prior periods - Deferred tax	5,132	-
	26,164	41,126

13. EARNINGS PER SHARE FROM TOTAL AND CONTINUING OPERATIONS ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Share awards granted during the period were anti-dilutive as at 26 April 2009 as the exercise price exceeded the average market price of the Company's shares during the period from when the share awards were granted to 26 April 2009. As a result share awards are not taken into account when determining the weighted average number of ordinary shares in issue during the period and therefore the basic and diluted earnings per share are the same.

Basic and diluted earnings per share

	52 weeks ended 26 April 2009	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008	52 weeks ended 27 April 2008
	Basic £'000	Diluted £'000	Basic £'000	Diluted £'000
(Loss)/profit for the period	(15,838)	(15,838)	78,182	78,182
		Number in thousands		Number in thousands
Weighted average number of shares	568,452	568,452	639,010	639,010
		Pence per share		Pence per share
Earnings per share	(2.79)	(2.79)	12.23	12.23

Underlying earnings per share

The underlying earnings per share reflects the underlying performance of the business compared with the prior year and is calculated by dividing underlying earnings by the weighted average number of shares for the period. Underlying earnings is used by management as a measure of profitability within the Group. Underlying earnings is defined as 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 believe that the underlying earnings before exceptional items and underlying earnings per share measures provide additional useful information for shareholders on the underlying performance of the business, and are consistent with how business performance is measured internally. Underlying earnings is not a recognised profit measure under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

	52 weeks ended 26 April 2009	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008	52 weeks ended 27 April 2008
	Basic £'000	Diluted £'000	Basic £'000	Diluted £'000
(Loss)/profit for the period	(15,838)	(15,838)	78,182	78,182
Post tax adjustments to profit for the period for the following exceptional items:				
Realised gain on forward exchange contracts	(9,556)	(9,556)	(2,423)	(2,423)
Fair value adjustment to forward foreign exchange contracts	(8,485)	(8,485)	3,623	3,623
Profit on disposal of listed investments (Not tax deductible)	(1,035)	(1,035)	(24,648)	(24,648)
Derecognition of listed investments (Not tax deductible)	53,156	53,156	-	-
Impairment of freehold property (Not tax deductible)	15,682	15,682	-	-
Impairment of intangible assets	9,952	9,952	-	-
Fair value adjustments within associated undertakings	1,194	1,194	-	-
Underlying profit for the period	45,070	45,070	54,734	54,734
		Number in thousands		Number in thousands
Weighted average number of shares	568,452	568,452	639,010	639,010
		Pence per share		Pence per share
Earnings per share	7.93	7.93	8.57	8.57

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Long leasehold property	Short leasehold property	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 29 April 2007	29,856	11,312	97,553	235,668	374,389
Exchange differences	15	-	145	2,283	2,443
Additions through business combinations	10,090	-	50	3,791	13,931
Additions	80,548	534	7,543	39,555	128,180
Eliminated on disposals	(3,274)	(906)	(4,321)	(9,723)	(18,224)
At 27 April 2008	117,235	10,940	100,970	271,574	500,719
Exchange differences	157	95	1,803	3,685	5,740
Additions	6,675	27	7,687	19,483	33,872
Eliminated on disposals	(470)	(2)	(2,239)	(2,519)	(5,230)
At 26 April 2009	123,597	11,060	108,221	292,223	535,101
Accumulated depreciation and impairment					
At 29 April 2007	(4,710)	(3,680)	(28,963)	(112,573)	(149,926)
Exchange differences	27	(1)	-	(589)	(563)
Charge for the period	(4,067)	(8)	(6,453)	(25,055)	(35,583)
Eliminated on disposals	736	48	1,799	5,562	8,145
At 27 April 2008	(8,014)	(3,641)	(33,617)	(132,655)	(177,927)
Exchange differences	(56)	-	(374)	(1,953)	(2,383)
Charge for the period	(2,994)	(309)	(8,577)	(33,662)	(45,542)
Eliminated on disposals	35	-	2,193	-	2,228
Impairment charge	(15,682)	-	-	-	(15,682)
At 26 April 2009	(26,711)	(3,950)	(40,375)	(168,270)	(239,306)
Net book amount					
At 26 April 2009	96,886	7,110	67,846	123,953	295,795
At 27 April 2008	109,221	7,299	67,353	138,919	322,792
Finance leased assets included in the above net book values					
At 26 April 2009	-	-	-	-	-
At 27 April 2008	-	-	-	581	581

In the figures for the 52 week period ended 27 April 2008 an amount of £3,596,000 has been transferred from 'Additions' to 'Additions through business combinations' as it was incorrectly classified in the prior year.

Within freehold land and buildings cost as at 26 April 2009 is £1,488,000 (2008: £1,613,000) of capital grants received from the East Midlands Development Agency. The Group is subject to the following principal conditions of the grant being met for a period, which is at the discretion of the East Midlands Development Agency, of five years after the first grant instalment was made on 26 April 2006 or 18 months after the last grant instalment was made on 29 April 2007 ("conditional period"):

- The Group remains solvent.
- The Group does not cease to own, or for a period of at least three months does not cease to use the relevant premises for which the grant was provided or its related assets.
- The Group employs at least 507 permanent full-time employees or equivalent at the relevant premises.
- The Group employs in total at least 1,171 employees at the relevant premises.

If the Group fails to adhere to any of the above conditions during the conditional period the East Midlands Development Agency may demand full repayment of the grant.

An impairment of £15,682,000 was recognised in the Retail segment to reflect the fall in market value of commercial property during the year and this is shown within Exceptional items.

15. INTANGIBLE ASSETS

	Goodwill	Trademarks and licences	Brands	Total
	£'000	£'000	£'000	£'000
Cost				
At 29 April 2007	58,590	18,343	15,600	92,533
Arising on business combinations	53,167	-	-	53,167
Additions through business combinations	-	3,089	56,146	59,235
Other additions	-	657	-	657
Disposals	(7,658)	(155)	(4,800)	(12,613)
At 27 April 2008	104,099	21,934	66,946	192,979
Arising on business combinations	11,908	-	-	11,908
Additions through business combinations (Note 31)	-	-	440	440
Other additions	-	3,404	554	3,958
Disposals	(5,410)	(2,892)	-	(8,302)
Exchange cost adjustment	17,620	1,024	20,006	38,650
At 26 April 2009	128,217	23,470	87,946	239,633
Amortisation and impairment				
At 29 April 2007	-	(3,152)	(1,400)	(4,552)
Amortisation Charge	-	(2,023)	-	(2,023)
Impairment Charge	(1,394)	-	-	(1,394)
At 27 April 2008	(1,394)	(5,175)	(1,400)	(7,969)
Amortisation Charge	-	(2,944)	-	(2,944)
Impairment Charge	(13,932)	-	(900)	(14,832)
Disposals	5,409	2,697	-	8,106
Exchange adjustment	-	(36)	-	(36)
At 26 April 2009	(9,917)	(5,458)	(2,300)	(17,675)
Net book amount				
At 26 April 2009	118,300	18,012	85,646	221,958
At 27 April 2008	102,705	16,759	65,546	185,010

Amortisation is charged to selling, distribution and administrative expenses in the Consolidated Income Statement. In the current year impairments have been recognised in exceptional items in the Consolidated Income Statement.

The carrying value of those goodwill and brands that are considered to have an indefinite life are allocated to cash generating units as follows:

	Goodwill	Brands
	£'000	£'000
Retail	13,809	834
Brands	104,491	84,812
	118,300	85,646

The Group tests the carrying amount of goodwill and assets with an indefinite life annually for impairment or more frequently if there are indications that their carrying value might be impaired. The carrying amounts of other intangible assets are reviewed for impairment if there is an indication of impairment.

Impairment is calculated by comparing the carrying amounts to the value in use derived from discounted cash flow projections for the cash generating units (CGU) to which the intangible assets are allocated.

Value in use calculations are based on 5 year management forecasts with a terminal growth rate applied thereafter, representing managements estimate of the long term growth rate of the sector served by the CGU's.

The key assumptions, which are equally applicable to each CGU, in the cash flow projections used to support the carrying amount of goodwill and intangibles with indefinite lives as at 26 April 2009 were as follows:

Retail and Brands (with the exception of Everlast)

- Annual sales growth for the first five years of between 5% and 6% depending on the constituent elements of the CGU, followed by terminal sales growth of 2%.
- Gross margin of between 30% and 47% depending on the constituent elements of the CGU.
- Annual maintenance expenditure of between £Nil and £1.0m per annum depending on the individual entity's circumstances.
- Discount rates are estimated at a risk adjusted pre-tax weighted average cost of capital of 9.4%.

Everlast

- Annual sales growth of 10% for the first 5 years followed by terminal sales growth of 5%, reflecting specific plans for the business.
- Gross margin and capital expenditure within the Retail and Brands range.
- Discount rates are estimated at a risk adjusted pre-tax weighted average cost of capital of 12.8%.

The key assumptions are based on management's historical experience and future plans for each CGU.

With the exception of Everlast, a reasonably possible change in any key assumption would not cause the carrying value of any unit to exceed its recoverable amount.

For Everlast the reasonably possible changes in assumptions would have the following impact:

- Reducing the risk specific discount rate of 12.8% to the Group's weighted average cost of capital of 9.4% would result in no impairment and the value of goodwill would exceed its carrying value by £126m.
- Changing the risk specific discount rate by 1% would result in a change of valuation of £19m.
- A change of 1% in the forcasted terminal growth rate would result in a change of valuation of £14m.

The intangible assets that have an indefinite life are brands and trading names and are considered to have an indefinite life on the grounds of the proven longevity of the brands and trading names and the Group's commitment to maintaining those brands.

An impairment charge of £14,832,000 was recognised, mainly due to an increase in discount rates to reflect specific risk factors and a decrease in forecast sales growth as a result of the tough economic climate.

16. INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES

The Group uses the equity method of accounting for associates and joint ventures. The following table shows the aggregate movement in the Group's investment in associates and joint ventures:

	Associates	Joint ventures	Total
	£'000	**£'000**	**£'000**
At 29 April 2007	14,847	7,141	21,988
Exchange differences	2,165	-	2,165
Additions	468	-	468
Share of profit	4,942	78	5,020
Dividend paid	(1,189)	-	(1,189)
At 27 April 2008	21,233	7,219	28,452
Exchange differences	3,361	-	3,361
Share of profit	2,235	247	2,482
Dividend paid	(1,666)	(250)	(1,916)
At 26 April 2009	25,163	7,216	32,379

Associates

The Group has a 42.5% interest in Warrnambool, a private unlimited company incorporated in the Republic of Ireland which is the ultimate parent undertaking of Heatons which is a private unlimited company. The business activity of Heatons is that of household, sporting and leisure goods retail. Heatons operates in the Republic of Ireland and Northern Ireland.

16. INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES CONTINUED

The Group's share of associates' assets, liabilities and income statement, which is included in the consolidated financial statements, is as follows:

	26 April 2009	27 April 2008
	£'000	£'000
Share of non-current assets	44,555	31,436
Share of current assets	18,686	13,553
Share of non current liabilities	(13,954)	(8,784)
Share of current liabilities	(24,124)	(14,972)
	25,163	21,233

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Income	77,610	65,871
Expenses	(74,553)	(59,963)
Profit before tax	3,057	5,908
Taxation	(822)	(966)
Profit for the period	2,235	4,942

Heatons has a coterminous year end with the Group. There are no significant restrictions on the ability of associated undertakings to transfer funds to the parent, other than those imposed by legal requirements.

Joint Ventures

The Group's joint ventures are:

	Country of incorporation	Percentage of issued share capital held	Nature of business
No Fear International Limited*	England	50	Brand licensing
PBF International Limited*	England	50	Brand licensing

*Held by an immediate subsidiary.

All joint venture undertakings operate in their country of incorporation.

The Group's share of its joint ventures' assets, liabilities and income statement, which is included in the consolidated financial statements, is as follows:

	26 April 2009	27 April 2008
	£'000	£'000
Share of non-current assets	5,860	6,260
Share of current assets	3,048	2,529
Share of non-current liabilities	-	-
Share of current liabilities	(1,692)	(1,570)
	7,216	7,219

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Income	3,290	3,697
Expenses	(3,141)	(3,527)
Profit before taxation	149	170
Taxation	98	(92)
Profit for the period	247	78

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	26 April 2009	27 April 2008
	£'000	£'000
Available-for-sale financial assets	5,467	65,714

The fair value of the available-for-sale investments is based on bid quoted market prices at the balance sheet date.

The following table shows the aggregate movement in the Group's financial assets during the year:

	26 April 2009	27 April 2008
	£'000	£'000
At beginning of period	65,714	75,447
Additions	4,887	565,392
Disposals	(12,772)	(554,554)
Derecognition of investments held with KSF	(26,219)	-
Revaluation through the income statement	2,443	-
Revaluation through equity	(28,586)	(20,571)
At end of period	5,467	65,714

We have previously reported that our strategic stake were held by Kaupthing Singer & Freidlander (KSF) and partly financed by them. On 8 October 2008, KSF went into administration and we are in dispute with the administrators concerning the ownership of the shares they hold. We now have concluded that, while we continue to maintain that the shares are ours and should be delivered to us, we may not "control" the shares for accounting purposes. We have therefore treated them in the accounts as having been derecognised. Doing so has no impact on net assets as the value of the shares (£26,219,000) has been replaced by a derecognition of a liability (£20,298,000 owed to KSF) and the recognition of a £5,921,000 debtor. This derecognition has resulted in the transfer of historic losses, previously recognised in the statement of recognised income and expense, of £53,156,000 into the income statement.

The financial assets at 26 April 2009 relate to strategic investments held of between 1.5% and 29.9% in share capital or contracts for difference (including shares held by KSF). The directors do not consider that they have significant influence over the financial and operating policies of the investees as they have no representation on the Board of directors, have no participation in policy-making processes, including participation in decisions about dividends or other distributions, have no material transactions with the investees and do not interchange any managerial personnel.

The Group has one investment in excess of 20% of share capital, that being 29.9% (2008: 29.9%) of the ordinary share capital of Blacks Leisure Group plc, a company incorporated in England and Wales. The aggregate of its share capital and reserves and profit for the years ended 28 February 2009 and 28 February 2008 are as follows:

	28 February 2009	28 February 2008 Restated
	£'000	£'000
Aggregate share capital and reserves	68,971	83,432
Loss after taxation	(14,761)	(6,051)

18. INVENTORIES

	26 April 2009	27 April 2008
	£'000	£'000
Raw materials	4,238	3,640
Work in progress	828	1,234
Goods for resale	257,197	213,889
	262,263	218,763

The following inventory costs have been recognised in cost of sales:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Cost of inventories recognised as an expense	805,589	706,244

£3,601,000 of stock held at the end of the year in China has been fully written off and recognised as a cost in Retail cost of sales.

19. TRADE AND OTHER RECEIVABLES

	26 April 2009	27 April 2008
	£'000	£'000
Trade receivables	60,985	64,396
Amounts owed by related undertakings	534	303
Other debtors	17,958	6,596
Prepayments and accrued income	32,455	23,186
	111,932	94,481

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset above.

Ageing of trade receivables:

	26 April 2009	27 April 2008
	£'000	£'000
Current	47,875	42,500
0-30 days past due	4,569	7,823
30-60 days past due	1,805	4,675
60-90 days past due	1,084	1,743
Over 90 days past due	5,652	7,655
	60,985	64,396

The movement in the bad debt provision can be analysed as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Opening position	4,483	4,167
Amounts charged to the income statement	3,071	840
Amounts written off as uncollectible	(245)	(447)
Amounts recovered during the year	(14)	(77)
Closing position	7,295	4,483

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. These bad debt provisions/charges have been determined by reference to past default experience and knowledge of the individual circumstances of certain receivables.

20. CASH AND CASH EQUIVALENTS

	26 April 2009	27 April 2008
	£'000	£'000
Cash in bank and in hand — Sterling	12,287	8,451
Cash in bank and in hand — US dollars	10,812	3,891
Cash in bank and in hand — Euros	9,040	9,259
Cash in bank and in hand — other	219	3,817
	32,358	25,418
Bank overdraft (Note 25)	(442,683)	(471,471)
Cash and cash equivalents including overdrafts at period end	(410,325)	(446,053)

21. SHARE CAPITAL

	26 April 2009	27 April 2008
	£'000	£'000
Authorised		
999,500,010 ordinary shares of 10p each	99,950	99,950
499,990 redeemable preference shares of 10p each	50	50
	100,000	100,000
Allotted, called up and fully paid		
640,452,369 (2008: 640,452,369) ordinary shares of 10p each	64,045	64,045
Share Capital		
At 27 April 2008	64,045	72,000
Shares cancelled (Note 23)	-	(7,955)
At 26 April 2009	64,045	64,045

Share options

The Performance Share Plan
Performance Share Plan, which was approved by the shareholders on 11 February 2007, the Board may make share awards in respect of the ordinary shares in the Company to executive directors based on a percentage of salary and subject to performance conditions. The extent to which the awards vest is based on earnings per share growth and total shareholders return over a period of three financial years. Further details are set out in the Remuneration Report on page 23.

The first awards of 446,512 shares were granted on 5 April 2007 at an exercise price of 268.75p.

The second awards of 1,975,308 shares were granted on 16 July 2008 at an average price of 60.75p

The third awards of 1,975,308 shares were granted on 13 January 2009 at an average price of 54.00p

No share-based payment charge was recognised in respect of these share awards for the 52 weeks ended 26 April 2009 as the directors did not consider it material to the Group's financial results or position.

22. RESERVES

	Treasury shares	Foreign currency translation	Own share reserve	Retained earnings	Other reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 29 April 2007	-	(837)	-	317,708	(40,912)	275,959
Expense recognised directly in equity	-	-	-	(13,128)	-	(13,128)
Profit for the financial period	-	-	-	78,182	-	78,182
Dividends	-	-	-	(19,126)	-	(19,126)
Cost of shares acquired	(201,483)	-	-	-	-	(201,483)
Translation differences – group	-	2,598	-	-	-	2,598
Translation differences - associates	-	2,165	-	-	-	2,165
At 27 April 2008	(201,483)	3,926	-	363,636	(40,912)	125,167
Income recognised directly in equity	-	-	-	17,272	-	17,272
Loss for the financial period	-	-	-	(15,838)	-	(15,838)
Dividends	-	-	-	(20,805)	-	(20,805)
Treasury shares cancelled	105,759	-	-	(105,759)	-	-
Market value of shares transferred to EBT	6,094	-	(6,094)	-	-	-
Difference between original cost and market value of shares transferred to EBT	4,542	-	-	(4,542)	-	-
Translation differences - group	-	41,293	-	-	-	41,293
Translation differences - associates	-	3,361	-	-	-	3,361
At 26 April 2009	(85,088)	48,580	(6,094)	233,964	(40,912)	150,450

22. RESERVES CONTINUED

Between 24 July 2007 and 11 March 2008 the Group acquired 151,547,631 of its own shares for total consideration of £201,483,000, with the purchase price ranging between £0.95 and £1.50.

Between 12 October 2007 and 14 March 2008 the Group cancelled 79,547,631 shares purchased in the market under the share re-purchase programme. The average purchase price of the shares cancelled was £1.3295 and hence a transfer from Treasury shares to Retained earnings of £105,759,000 was processed.

On 16 September 2008 the Group sold 8,000,000 ordinary shares of 10 pence each from Treasury to the newly formed Sports Direct Employee Benefit Trust, an employee share scheme within the meaning of Section 1166 of the Companies Act 2006, at the market value of 76.17 pence per share. These shares are shown within the Own share reserve. The difference between the market value and the average original purchase price of 132.95 pence per share has been transferred to retained earnings.

Following the above transaction the Company now holds 64,000,000 ordinary shares in Treasury.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates.

The final dividend for 2008 of £13,870,000 (2.44p) was paid on 31 October 2008 and the interim dividend for 2009 of £6,935,000 (1.22p) was paid on 30 April 2009.

23. OTHER RESERVES

	Share capital	Share premium	Permanent contribution to capital	Capital redemption reserve	Reverse combination reserve	Other reserves
	£'000	£'000	£'000	£'000	£'000	£'000
At 29 April 2007	72,000	874,300	50	50	(987,312)	(40,912)
Shares cancelled	(7,955)	-	-	7,955	-	-
At 27 April 2008 and 26 April 2009	64,045	874,300	50	8,005	(987,312)	(40,912)

The share premium account is used to record the excess proceeds over nominal value on the issue of shares.

MJW Ashley made a £50,000 cash payment to the Company as a permanent contribution to capital on 8 February 2007 under a deed of capital contribution.

The capital redemption reserve arose on the redemption of the Company's redeemable preference shares of 10p each at par on 2 March 2007.

Between 5 October 2007 and 11 March 2008 the Group cancelled 79,547,631 of shares acquired as part of the share buy back programme.

The reverse combination reserve exists as a result of the adoption of the principles of reverse acquisition accounting in accounting for the group restructuring which occured on 2 March 2007 and 29 March 2007 between the Company and Sports World International Limited, Brands Holding Limited, International Brand Management Limited and CDS Holdings SA with Sports World International Limited as the acquirer.

24. MINORITY INTERESTS

	26 April 2009	27 April 2008
	£'000	£'000
At 27 April 2008	3,242	4,845
Share of profit/(loss) for the period	330	(435)
Acquisitions	(340)	(1,668)
Disposals	-	500
At 26 April 2009	3,232	3,242

25. BORROWINGS

	26 April 2009 £'000	27 April 2008 £'000
Non-current:		
Bank and other loans	4,090	13,641
Obligations under finance leases	623	614
	4,713	14,255
Current:		
Bank overdrafts	442,683	471,471
Bank and other loans	16,216	4,704
Obligations under finance leases	-	225
	458,899	476,400
Total borrowings:		
Bank overdrafts	442,683	471,471
Bank and other loans	20,306	18,345
Obligations under finance leases	623	839
	463,612	490,655

The maturity of the Group's total borrowings other than bank overdrafts is as follows:

	26 April 2009 £'000	27 April 2008 £'000
Borrowings are repayable as follows:		
Within one year	19,629	8,197
Between one and two years	354	8,576
Between two and five years	613	900
After five years	333	1,511
	20,929	19,184
Borrowings — Sterling	2,580	4,665
Borrowings — Other	18,349	14,519
	20,929	19,184

Loans are all on commercial variable rates of interest ranging between 0.6% and 1.75% over the base rate of the country within which the borrowing entity resides.

On 25 October 2007, six members of the Group, Sports Direct International plc, SportsDirect.com Retail Limited, Lillywhites Limited, Brands Holdings Limited, Dunlop Slazenger Group Limited and Smith and Brooks Holdings Limited (the "Borrowers") entered into a committed working capital facility agreement with The Governor and Company of the Bank of Scotland (the "Working Capital Facility"). The Working Capital Facility is available to any of the Borrowers and may be drawn to an aggregate limit of £500 million. It is capable of being utilised by way of cash advances, letters of credit, guarantees, bonds and/or currency borrowings. The Working Capital Facility is available until 30 April 2011. Each Borrower is required to observe certain covenants, including undertakings relating to delivery of financial statements, and certain negative covenants, including in relation to creation of security and disposal of assets. The Working Capital Facility is secured by a debenture from each of the Borrowers and a composite guarantee from each of the non-dormant subsidiaries of SportsDirect.com Retail Limited.

We have previously reported that our strategic stake were held by Kaupthing Singer & Freidlander (KSF) and partly financed by them. On 8 October 2008, KSF went into administration and we are in dispute with the administrators concerning the ownership of the shares they hold. We now have concluded that, while we continue to maintain that the shares are ours and should be delivered to us, we may not "control" the shares for accounting purposes. We have therefore treated them in the accounts as having been derecognised. Doing so has no impact on net assets as the value of the shares (£26,219,000) has been replaced by a reduction in creditors (£20,298,000 owed to KSF) and the recognition of a £5,921,000 receivable. This derecognition has resulted in the transfer of historic losses, previously recognised in reserves of £53,156,000 into the income statement.

The Group has a £50m working capital facility with Mike Ashley which can be drawn down on request.

The carrying amounts and fair value of the borrowings are not materially different.

26. RETIREMENT BENEFIT OBLIGATIONS

The Group's defined benefit pension obligations relate to Dunlop Slazenger Group Holdings Limited ("DSGHL"), which was acquired on 28 January 2004. DSGHL operates a number of plans worldwide, the largest of which is of the funded defined benefit type. The Scheme is closed to new members.

The amounts for the current and previous four periods following the acquisition of DSGHL are as follows:

	26 April 2009	27 April 2008	29 April 2007	30 April 2006	24 April 2005
	£'000	£'000	£'000	£'000	£'000
Total fair value of plan assets	27,440	32,706	36,419	32,829	28,720
Present value of plan liabilities	(39,764)	(44,411)	(50,451)	(48,008)	(44,945)
Net plan obligations	(12,324)	(11,705)	(14,032)	(15,179)	(16,225)
Experience adjustments on plan liabilities	5,887	4,652	(1,620)	(1,354)	(2,156)
Experience adjustments on plan assets	(6,336)	(2,969)	1,164	257	3,382

The cumulative amount of actuarial gains and losses recognised in the statement of recognised income and expense as at 26 April 2009 was an actuarial gain of £907,000 (2008: actuarial gain of £1,356,000).

There were no unrecognised actuarial gains or losses or past service costs as at 27 April 2008 or 26 April 2009.

Amounts recognised in the income statement are as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Current service cost	19	69
Interest on retirement benefit obligations	2,506	2,317
Expected return on plan assets	(2,121)	(2,266)
	404	120

The current service cost is included within cost of sales. The interest on retirement benefit obligations and the expected return on plan assets are included within finance costs and finance income, respectively.

Amounts recognised in the statement of recognised income and expense are as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Actual less expected return on assets	(6,336)	(2,969)
Actuarial gains relating to plan liabilities	5,887	4,652
	(449)	1,683

The actual return on plan assets for the 52 weeks ended 26 April 2009 was a loss of £4,215,000 (2008: loss of £703,000).

The movements in the fair value of plan assets are as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
At the start of the period	32,706	36,419
Expected return on plan assets	2,121	2,266
Actuarial losses	(6,336)	(2,969)
Employer contributions	1,382	1,111
Employee contributions	118	56
Benefits paid out	(2,551)	(4,177)
At the end of the period	27,440	32,706

The Group expects to contribute £1,263,000 to its defined benefit pension plans for the 52 weeks ended 25 April 2010.

The assumptions used to determine the expected return on assets reflects the underlying asset allocation at each period end. The plan asset mix and the expected returns on the assets are as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Equities	14,974	19,109
Bonds	12,249	13,391
Cash and other	217	206
	27,440	32,706
Equities	7.8%	8.0%
Bonds	4.8%	4.9%
Cash and other	5.0%	5.0%

The overall expected rate of return on the Scheme's assets has been derived by considering the expected rate of return on each major asset class of investments at the start of the year and weighting these rates of return by the proportion of the total investments that the class represents at the start of the year.

The principal assumptions underlying the actuarial assessments of the present value of the plan liabilities are:

	26 April 2009	27 April 2008
	%	%
Inflation rate	2.9	3.5
Future salary increases	n/a	n/a
Future pension increases	2.8	3.4
Discount rate	6.9	6.5

Mortality assumptions:

	26 April 2009	27 April 2008
	%	%
Life expectancy at 65 at period end:		
Future pensioners – male	87.2	87.2
Future pensioners – female	90.0	90.0
Current pensioners – male	86.4	86.4
Current pensioners – female	89.4	89.4

The movements in the present value of the plan liabilities are as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
At the start of the period	(44,411)	(50,451)
Current service cost	(19)	(69)
Interest cost	(2,506)	(2,317)
Actuarial gains	5,887	4,652
Employee contributions	(118)	(56)
Benefits paid out	2,551	4,177
Exchange gain	(1,148)	(347)
At the end of the period	(39,764)	(44,411)

26. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The net movements in the net present value of the plan liabilities were as follows:

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Net liability at the start of the period	(11,705)	(14,032)
Movement in fair value of plan assets	(5,266)	(3,713)
Movements in the present value of the plan liabilities	4,647	6,040
Net liability at the end of the period	(12,324)	(11,705)

In addition to the amounts recognised in relation to the defined benefit retirement plans, amounts of £95,000 and £121,000 have been recognised in the income statement in the periods ended 27 April 2008 and 26 April 2009 respectively in relation to defined contribution retirement benefit plans.

27. DEFERRED TAX ASSET AND LIABILITIES

	Accounts depreciation exceeding tax depreciation	Tax losses recoverable	Pension plan liabilities	Unremitted earnings from an associate	Other temporary differences	Recognised on acquisitions	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 29 April 2007	(9,661)	4,379	3,414	(4,244)	(4,681)	24,132	13,339
(Charged)/credited to the income statement	3,865	(2,485)	1,023	682	-	(4,984)	(1,899)
Effect of reducing tax rate	644	(292)	(228)	283	312	(1,609)	(890)
Credited to the statement of recognised income and expense	-	-	-	-	-	5,760	5,760
Acquisitions	(494)	-	-	-	(13,128)	-	(13,622)
At 27 April 2008	(5,646)	1,602	4,209	(3,279)	(17,497)	23,299	2,688
Charged to the income statement	1,364	(127)	108	-	3,701	(6,774)	(1,728)
Credited to the statement of recognised income and expense	-	-	-	-	-	(6,849)	(6,849)
Foreign exchange adjustments	-	-	-	-	(5,731)	-	(5,731)
Acquisitions	-	-	-	-	(6,402)	-	(6,402)
At 26 April 2009	(4,282)	1,475	4,317	(3,279)	(25,929)	9,676	(18,022)

	26 April 2009	27 April 2008
	£'000	£'000
Deferred tax assets	15,468	29,110
Deferred tax liabilities	(33,490)	(26,422)
Net deferred tax balance	(18,022)	2,688

Deferred tax assets are recognised for tax losses recoverable and pension plan liabilities to the extent that realisation of the related tax benefit is probable on the basis of the Group's current expectations of future taxable profits.

28. PROVISIONS

	Dilapidations	Onerous contracts	Total
	£'000	£'000	£'000
At 27 April 2008	18,584	4,326	22,910
Amounts provided	5,193	10,882	16,075
Amounts utilised	(1,742)	(651)	(2,393)
Amounts reversed	(168)	(5)	(173)
At 26 April 2009	21,867	14,552	36,419

The dilapidations provision is the best estimate of the present value of expenditure expected to be incurred by the Group in order to restore its leasehold premises to the condition required under the lease agreements at the end of the lease discounted at 7% per annum. The provision is expected to be utilised over the period to the end of each specific lease.

The provision in respect of onerous lease contracts represents the net cost of fulfilling the Group's obligations over the terms of these contracts discounted at 7% per annum. The provision is expected to be utilised over the period to the end of each specific lease.

The unwinding of the discount on provision passes through the income statement.

29. FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities by category
The carrying values of financial assets and liabilities, which are principally denominated in Sterling or US dollars, were as follows:

	Loans and receivables	Available for sale financial assets	Non-financial assets	Total
Assets – 2009	**£'000**	**£'000**	**£'000**	**£'000**
Property, plant and equipment	-	-	295,795	295,795
Intangible assets	-	-	221,958	221,958
Investments in associated undertakings and joint ventures	-	-	32,379	32,379
Available-for-sale financial assets	-	5,467	-	5,467
Deferred tax assets	-	-	15,468	15,468
Inventories	-	-	262,263	262,263
Trade and other receivables	60,985	-	50,947	111,932
Cash and cash equivalents	32,358	-	-	32,358
	93,343	5,467	878,810	977,620

Assets - 2008	**£'000**	**£'000**	**£'000**	**£'000**
Property, plant and equipment	-	-	322,792	322,792
Intangible assets	-	-	185,010	185,010
Investments in associated undertakings and joint ventures	-	-	28,452	28,452
Available-for-sale financial assets	-	65,714	-	65,714
Deferred tax assets	-	-	29,110	29,110
Inventories	-	-	218,763	218,763
Trade and other receivables	64,396	-	30,085	94,481
Cash and cash equivalents	25,418	-	-	25,418
	89,814	65,714	814,212	969,740

Liabilities – 2009	Loans and payables £'000	Liabilities at fair value through profit and loss £'000	Non-financial liabilities £'000	Total £'000
Other payables	2,656	-	-	2,656
Non-current borrowings	4,713	-	-	4,713
Retirement benefit obligations	-	-	12,324	12,324
Deferred tax liabilities	-	-	33,490	33,490
Provisions	-	-	36,419	36,419
Derivative financial liabilities (Current)	-	34,993	-	34,993
Trade and other payables	106,962	-	102,777	209,739
Current borrowings	458,899	-	-	458,899
Current tax liabilities	30,705	-	-	30,705
	603,935	34,993	185,010	823,938

Liabilities – 2008				
Other payables	2,829	-	-	2,829
Non-current borrowings	14,255	-	-	14,255
Derivative financial liabilities (Non-current)	-	14,744	-	14,744
Retirement benefit obligations	-	-	11,705	11,705
Deferred tax liabilities	-	-	26,422	26,422
Provisions	-	-	22,910	22,910
Derivative financial liabilities (Current)	-	32,894	-	32,894
Trade and other payables	87,123	-	120,475	207,598
Current borrowings	476,400	-	-	476,400
Current tax liabilities	31,574	-	-	31,574
	612,181	47,638	181,512	841,331

Carrying values do not materially differ from fair value.

(b) Derivatives: foreign currency forward purchase contracts

The most significant exposure to foreign exchange fluctuations relates to purchases made in foreign currencies, principally the US dollar. The Group's policy is to reduce the risk associated with purchases denominated in foreign currencies by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The foreign exchange contracts do not meet the criteria for treatment as an effective hedge and accordingly any gain or loss is recognised immediately in the income statement.

The carrying values of forward foreign currency purchase contracts were as follows:

	26 April 2009 £'000	27 April 2008 £'000
Fair value of derivative financial instruments - liabilities	34,993	47,638

The sterling principal amounts of forward foreign currency purchase contracts and contracted forward rates were as follows:

	26 April 2009	27 April 2008
	£'000	£'000
US dollar purchases	350,000	1,081,668
Contracted rates	1.46-1.88	1.86 – 2.00
US dollar sales	(250,000)	(397,000)
Contracted rates	1.92-1.94	1.92-1.98
Euro sales	(202,179)	(259,716)
Contracted rates	1.08-1.40	1.25 – 1.40
Euro purchases	223,662	-
Contracted rates	1.12-1.12	-

Forward foreign currency purchase and sale contracts generally have a maturity at inception of approximately 12 months. At 26 April 2009 no purchase contracts and no sale contracts had a maturity at inception of greater than 12 months (2008: £250 million of purchase contracts).

(c) Sensitivity analysis

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to US dollars and the Euro. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 5% increase and decrease in the US dollar/Sterling and Euro/Sterling exchange rates at the year end date, assuming all other variables remain unchanged. The figures have been calculated by comparing the fair values of outstanding foreign currency contracts at the current exchange rate to those if exchange rates moved as illustrated.

Positive figures represent an increase in profit or equity:

	Income statement		Equity	
	26 April 2009	27 April 2008	26 April 2009	27 April 2008
	£'000	£'000	£'000	£'000
Sterling strengthens by 5%				
US dollar	(11,044)	(32,603)	(11,044)	(32,603)
Euro	4,580	12,367	4,580	12,367
Sterling weakens by 5%				
US dollar	11,596	34,233	11,596	34,233
Euro	(4,809)	(12,986)	(4,809)	(12,986)

Interest rate sensitivity analysis

The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 0.5% increase or decrease in interest rates, assuming all other variables were unchanged.

The analysis has been prepared using the following assumptions:

- For floating rate assets and liabilities, the amount of asset or liability outstanding at the balance sheet date is assumed to have been outstanding for the whole year.
- Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis.

Positive figures represent an increase in profit or equity.

	Income statement		Equity	
	26 April 2009	27 April 2008	26 April 2009	27 April 2008
	£'000	£'000	£'000	£'000
Interest rate increase of 0.5%	(2,420)	(2,453)	(2,240)	(2,453)
Interest rate decrease of 0.5%	2,420	2,453	2,240	2,453

(d) Liquidity risk

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's financial liabilities:

2009	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Bank loans and overdrafts	462,312	151	417	129	463,009
Obligations under finance leases	-	207	214	214	635
Trade and other payables	106,962	-	-	-	106,692
Derivative financial liabilities					
Cash inflows	(86,460)	-	-	-	(86,460)
Cash outflows	121,482	-	-	-	121,482
	604,296	358	631	343	605,628
2008					
Bank loans and overdrafts	479,443	8,460	1,069	1,794	490,766
Obligations under finance leases	225	628	-	-	853
Trade and other payables	87,123	-	-	-	87,123
Derivative financial liabilities					
Cash inflows	(1,316,151)	(444,471)	-	-	(1,760,622)
Cash outflows	1,342,355	449,989	-	-	1,792,344
	592,995	14,606	1,069	1,794	610,464

30. TRADE AND OTHER PAYABLES

	26 April 2009	27 April 2008
	£'000	£'000
Trade payables	106,962	87,123
Amounts owed to related undertakings	3,029	2,016
Other taxes including social security costs	5,055	13,660
Other payables	39,640	38,192
Accruals and deferred income(1)	55,053	66,607
	209,739	207,598

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

31. ACQUISITIONS

The Group made no major acquisitions in the 52 weeks ended 26 April 2009. The increase in goodwill is attributable to adjustments to fair value for prior year acquisitions, minor acquisitions and the purchase of minority interests in existing subsidiaries.

The aggregate fair value of consideration paid, assets and liabilities acquired and resulting goodwill is detailed below.

	Acquisitions	Purchase of minority interests	Total
	£'000	£'000	£'000
Cash consideration including costs	790	5,818	6,608
Add: fair value of net liabilities/(assets) acquired	6,013	(340)	5,673
Excess of fair value of assets over consideration	-	192	192
Goodwill	6,803	5,670	12,473

The goodwill is attributable to the premium paid to strengthen the Group's existing business segments of retail and brand, which is in line with the Group's strategy.

Adjustments to fair value for prior year acquisitions and minor acquisitions

	Carrying values at acquisition	Provisional fair value adjustment	Fair value of net assets acquired
	£'000	£'000	£'000
Intangible assets	450	-	450
Inventories	200	-	200
Trade and other receivables	113	-	113
Trade and other payables	(374)	-	(374)
Deferred tax liability	-	(6,402)	(6,402)
	389	(6,402)	(6,013)

The provisional acquisition accounting for Everlast has been adjusted to reflect the effective rate of taxation for this company at the point of acquisition. It is the Group's policy to make material adjustments and revisions retrospectively. The adjustment to deferred taxation has been processed through the current year.

Cash flows arising from the acquisition are as follows:

	26 April 2009
	£'000
Cash consideration	790
Net cash outflow in the cash flow statement	790

The goodwill is attributable to the premium paid to strengthen the Group's existing business segments of retail and brand, which is in line with the Group's strategy.

Purchase of minority interests

	Date of acquisition	Percentage of equity acquired	Nature of activity
Lonsdale Sport	23 December 2008[1]	20	Wholesale

This was an additional acquisition which takes the cumulative holding up to 100%

	Carrying values at acquisition
	£'000
Minority interests	340
	340

Cash flows arising from the acquisition are as follows:

	26 April 2009
	£'000
Cash consideration	5,818
Net cash outflow in the cash flow statement	5,818

32. CASH INFLOWS FROM OPERATING ACTIVITIES

	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008
	£'000	£'000
Profit before taxation	10,656	118,873
Net finance costs	7,706	39,636
Derecognition of available-for-sale financial assets	53,156	-
Profit on disposal of available-for-sale financial assets	(1,035)	(41,367)
Investment income	(172)	(2,507)
Share of profit of associated undertakings and joint ventures	(2,482)	(5,020)
Operating profit	67,829	109,615
Depreciation	45,542	35,583
Amortisation charge	2,944	2,023
Impairment charge	30,514	1,394
Loss on disposal of intangibles	195	155
Loss on disposal of subsidiary undertakings	1	1,883
Defined benefit pension plan current service cost	395	69
Defined benefit pension plan employer contributions	(1,225)	(1,110)
Operating cash inflow before changes in working capital	146,195	149,612
(Increase)/decrease in receivables	(9,788)	6,395
(Increase)/decrease in inventories	(43,500)	23,511
Increase/(decrease) in payables	24,563	(119,999)
Cash inflows from operating activities	117,470	59,519

33. OPERATING LEASE ARRANGEMENTS

As at 26 April 2009 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	26 April 2009	27 April 2008
	£'000	£'000
Land and buildings		
Within one year	74,997	73,902
In the second to fifth years inclusive	271,461	276,695
After five years	364,245	387,053
	710,703	737,650

The Group sub-lets certain stand-alone retail stores which are no longer operated by the Group. The property rental income earned during the 52 weeks ended 26 April 2009 was £3,157,000 (2008: £2,744,000).

As at 26 April 2009, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	26 April 2009	27 April 2008
	£'000	£'000
Land and buildings		
Within one year	6,307	3,458
In the second to fifth years inclusive	17,991	7,901
After five years	24,240	6,356
	48,538	17,715

34. CAPITAL COMMITMENTS

The Group had no capital commitments as at 26 April 2009 (2008: £nil).

35. CONTINGENT ASSETS AND LIABILITIES

As a matter of course the Group undertakes action in numerous parts of the world to protect its trade mark registrations and in connection with the Group's licensees. Such actions are usually resolved in the ordinary course of business. The Group is, however, party to a dispute and since 2007 has provided for an amount representing the financial estimation of the potential loss if the outcome was not to be in its favour. The Group believes that to provide further information would be seriously prejudicial to the case.

36. RELATED PARTY TRANSACTIONS

The Group entered into the following material transactions with related parties:

The Group has taken advantage of the exemptions contained within IAS 24 - Related Party Disclosures from the requirement to disclose transactions between group companies as these have been eliminated on consolidation.

52 weeks ended 26 April 2009

Related party	Relationship	Sales	Purchases	Trade and other receivables	Trade and other payables
		£'000	£'000	£'000	£'000
Heatons	Associate	11,732	-	2,655	-
No Fear International Limited	Joint venture	-	-	-	(2,351)
Mike Ashley	Director	-	-	-	(1,069)

Mike Ashley leases certain properties to various companies in the Group which are operated as retail and distribution premises. A commercial rent is charged in respect of these leases.

During the period Mike Ashley loaned the Group £50million on arm's length commercial terms and this amount was repaid in full on 17 April 2009.

Compensation paid to key management of the Group was £939,505, including pension contributions of £9,085.

52 weeks ended 27 April 2008

Related party	Relationship	Sales	Purchases	Trade and other receivables	Trade and other payables
		£'000	£'000	£'000	£'000
Pan World Brands Limited	Common control	-	-	3	(17)
Heatons	Associate	15,829	-	1,942	-
No Fear International Limited	Joint venture	-	-	316	(1,468)
PBF International Limited	Joint venture	189	(465)	910	-
Mike Ashley	Director	-	-	-	(590)
Sopotnik Trade Doo	Associate	23	-	83	-

Mike Ashley leases certain properties to various companies in the Group which are operated as retail and distribution premises. A commercial rent is charged in respect of these leases.

On 10 July 2007 the Group sold an Augusta A109 S Grand Helicopter to Mike Ashley for €4,806,175 (£3,235,547) plus VAT. The helicopter had been purchased by the Company for €4,600,000 in March 2006.

During the period Mike Ashley loaned the Group £250million on arm's length commercial terms and this amount was repaid in full on 26 October 2007.

No interest was charged by Mike Ashley in respect of the amounts owed to him by the group.

Compensation paid to key management of the Group was £1,040,854, including pension contributions of £9,085.

37. PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings of the Company at 26 April 2009 were as follows:

Name	Country of incorporation	Percentage of issued share capital held	Nature of business
Antigua Enterprises Inc*	USA	78	Sporting and leisure goods wholesale and brand licensing
Brands & Fashion NV*	Belgium	100	Brand management and licensing
Brands Inc Limited*	England	100	Brand management and licensing
Brands Holdings Limited	England	100	Brand management and licensing
CDS Holdings SA	Belgium	100	Sporting and leisure goods retail
Donnay International SA*	Belgium	100	Sporting and leisure goods wholesale and brand licensing
Dunlop Slazenger Group Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Everlast Worldwide Inc.*	USA	100	Sporting and leisure goods wholesale and brand licensing
E Walters UK Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Field and Trek (UK) Limited*	England	100	Sporting and leisure goods retail
International Brand Management Limited	England	100	Brand management
Kangol Holdings Limited*	England	100	Fashion and leisure goods wholesale and brand licensing
Karrimor Limited*	England	100	Fashion and leisure goods wholesale and brand licensing
Lonsdale Boxing Limited*	England	100	Fashion and leisure goods wholesale and brand licensing
Lonsdale Sports Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Smith and Brooks Holdings Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Sports Essentials Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Sports World International Limited	England	100	Sporting and leisure goods retail
Sports 2000 Sportne Trogovine	Slovenia	100	Sporting and leisure goods retail
The Trademark Licensing Company Limited*	England	100	Brand licensing
Universal Cycles Limited*	England	86	Bicycle wholesaler

* Held by an intermediate subsidiary.

All subsidiaries have coterminous year ends.

All principal subsidiary undertakings operate in their country of incorporation.

A full list of the Group's operating subsidiary undertakings will be annexed to the next Annual Return filed at Companies House.

There are no significant restrictions on the ability of the subsidiary undertakings to transfer funds to the parent, other than those imposed by the legal requirements.

38. ULTIMATE CONTROLLING PARTY

The Group is controlled by Mike Ashley through his 100% shareholding in MASH Holdings Limited, which has a 71% shareholding in the Company.

39. POST BALANCE SHEET EVENTS

No material post balance sheet events occurred after 26 April 2009 to the date of this Annual Report.

We have audited the parent company financial statements of Sports Direct International plc for the 52 week period to 26 April 2009 which comprise the balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements
In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 26 April 2009;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion:

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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
- 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.

Other matters
We have reported separately on the group financial statements of Sports Direct International plc for the 52 week period to 26 April 2009.

David Miller, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP, Registered Auditor, Chartered Accountants
London
16 July 2009

COMPANY BALANCE SHEET AS AT 26 APRIL 2009

	Notes	2009	2008
		£'000	£'000
Fixed assets			
Investments	2	996,808	989,290
Current assets			
Debtors	3	1,871	1,795
Cash at bank		-	1,886
		1,871	3,681
Creditors: amounts falling due within one year.	4	(22,932)	(23,383)
Net current liabilities		(21,061)	(19,702)
Creditors: amounts falling due in greater than one year	5	-	(730)
Net assets		975,747	968,858
Capital and reserves			
Called up share capital	6	64,045	64,045
Share premium	7	874,300	874,300
Treasury shares reserve	7	(85,088)	(201,483)
Permanent contribution to capital	7	50	50
Capital redemption reserve	7	8,005	8,005
Own share reserve		(6,094)	-
Profit and loss account	7	120,529	223,941
Shareholders' funds	8	975,747	968,858

The accompanying accounting policies and notes form part of these financial statements.

The financial statements were approved by the Board on 16 July 2009 and were signed on its behalf by:

Bob Mellors
Director

1. ACCOUNTING POLICIES

These accounts have been prepared in accordance with applicable United Kingdom accounting standards. A summary of the more important accounting policies adopted are described below.

Basis of accounting
The accounts have been prepared under the historical cost convention.

As permitted by Section 408 of the Companies Act 2006, a profit and loss account of the Company is not presented. The Company's profit or the 52 week period 26 April 2009 was £27,694,000 (2008 £184,687,000 profit).

Investments
Fixed asset investments are stated at cost less any provision for impairment.

Cost represents cash consideration or the amount of ordinary shares issued by the Company at nominal value after taking account of merger relief available under s612 of the Companies Act 2006 plus related acquisition costs capitalised at fair value.

Deferred taxation
Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies
Items arising from transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. At the balance sheet date all monetary assets and liabilities denominated in foreign currencies are translated at the closing rate or at the rate of exchange at which the transaction is contracted to be settled in the future. All exchange differences are dealt with in the profit and loss account.

Dividends
Dividends on the Company's ordinary shares are recognised as a liability in the Company's financial statements, and as a deduction from equity, in the period in which the dividends are declared. Where such dividends are proposed subject to the approval of the Company's shareholders, the dividends are only declared once shareholder approval has been obtained.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, with the exception of those accounted for via merger relief available under s612 of the Companies Act 2006, are recorded at the proceeds received, net of any direct issue costs.

Income from group undertakings
Income from group undertakings is recognised when qualifying consideration is received from the group undertaking.

Related party transactions
The Company has taken advantage of the exemption in Financial Reporting Standard 8 from reporting related party transactions as its own Financial Statements are presented together with its Consolidated Financial Statements.
Share-based payments

Share-based payments
The Company has applied the requirements of FRS 20, "Share-based Payment". The Company issues equity-settled share-based payments to certain directors and employees of the Company and its subsidiaries. These are measured at fair value at the date of grant which is expensed to the consolidated income statement on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Monte Carlo method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. No share-based payment charge was recognised for the 52 weeks ended 26 April 2009 as the directors did not consider it material to the Group's financial results or position.

2. INVESTMENTS

	2009
	£'000
Shares in group undertakings:	
As at 27 April 2008	989,290
Additions	7,518
As at 26 April 2009	996,808

None of the Company's investments are listed.

The Company is the principal holding company of the Group. The principal subsidiary undertakings of the Company are set out in note 37 to the Group financial statements.

3. DEBTORS

	2009 £'000	2008 £'000
Amounts owed by group undertakings	598	-
Other debtors	1,273	-
Prepayments	-	1,795
	1,871	1,795

4. CREDITORS: amounts falling due in more than one year

	2009 £'000	2008 £'000
Bank overdraft	164	-
Trade creditors	519	1,061
Amounts owed to group undertakings	14,429	11,322
Accruals	155	170
Other creditors	7,665	10,830
	22,932	23,383

5. CREDITORS: amounts falling due within one year

	2009 £'000	2008 £'000
Other creditors	-	730
	-	730

6. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
999,500,010 ordinary shares of 10p each	99,950	99,950
499,990 redeemable preference shares of 10p each	50	50
	100,000	100,000
Called up and fully paid		
640,452,369 (2008: 640,452,369) ordinary shares of 10p each	64,045	64,045

	2009 £'000	2008 £'000
Share capital		
At 27 April 2008	64,045	72,000
Shares cancelled (Note 7)	-	(7,955)
At 26 April 2009	64,045	64,045

7. RESERVES

	Share premium account	Treasury share reserve	Permanent contribution to capital	Capital redemption reserve	Own share reserve	Profit and loss account
	£'000	£'000	£'000	£'000	£'000	£'000
At 27 April 2008	874,300	(201,483)	50	8,005	-	223,941
Dividends paid	-	-	-	-	-	(20,805)
Treasury shares cancelled	-	105,759	-	-	-	(105,759)
Market value of shares transferred to EBT	-	6,094	-	-	(6,094)	-
Difference between original cost and Market value of shares transferred to EBT	-	4,542	-	-	-	(4,542)
Profit for the financial period	-	-	-	-	-	27,694
At 26 April 2009	874,300	(85,088)	50	8,005	(6,094)	120,529

Between 24 July 2007 and 11 March 2008 the Group acquired 151,547,631 of its own shares for total consideration of £200,480,929, with the purchase price ranging between £0.95 and £1.50.

Between 12 October 2007 and 14 March 2008 the Group cancelled 79,547,631 shares purchased in the market under the share re-purchase programme. The average purchase price of the shares cancelled was £1.3295 and hence a transfer from Treasury shares to Retained earnings of £105,759,000 was processed.

On 16 September 2008 the Group sold 8,000,000 ordinary shares of 10 pence each from Treasury to the newly formed Sports Direct Employee Benefit Trust, an employee share scheme within the meaning of Section 1166 of the Companies Act 2006, at the market value of 76.17 pence per share. The difference between the market value and the average original purchase price of 132.95 pence per share has been transferred to retained earnings.

Following the above transaction the Company now holds 64,000,000 ordinary shares in Treasury.

The final dividend for 2008 of £13,870,000 (2.44p) was paid on 31 October 2008 and the interim dividend for 2009 of £6,935,000 (1.22p) was paid on 30 April 2009.

8. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	2009
	£'000
Opening shareholders' funds	968,858
Dividends declared	(20,805)
Profit for the financial period	27,694
Closing shareholders' funds	975,747

9. POST BALANCE SHEET EVENTS

No material post balance sheet events occurred after 26 April 2009 to the date of this Annual Report.

CONSOLIDATED 5 YEAR RECORD UNAUDITED INCOME STATEMENT

	IFRS	IFRS	IFRS	IFRS	UK GAAP
	52 weeks ended 26 April 2009	52 weeks ended 27 April 2008	52 weeks ended 29 April 2007	52 weeks ended 30 April 2006	52 weeks ended 24 April 2005
	£'000	£'000	£'000	£'000	£'000
Continuing operations:					
Revenue	1,367,321	1,259,510	1,347,144	1,194,736	971,062
Cost of sales	(809,685)	(709,809)	(751,003)	(738,057)	(589,225)
Gross profit	557,636	549,701	596,141	456,679	381,837
Selling, distribution and administrative expenses	(463,297)	(444,109)	(445,198)	(351,622)	(317,854)
Other operating income	4,004	4,023	1,783	3,044	1,263
Costs of admission to the London Stock Exchange	-	-	(586)	-	-
Past performance bonuses	-	-	(56,400)	-	-
Profit on disposal of certain retail concessions	-	-	4,160	-	-
Leofelis legal claim	-	-	(6,000)	-	-
Reorganisation costs	-	-	-	(3,368)	-
Profit on disposal of intangible assets	-	-	-	-	10,000
Impairment of intangible fixed assets	(14,832)	-	-	-	(4,849)
Impairment of Freehold property	(15,682)	-	-	-	-
Exceptional items	(30,514)	-	(58,826)	(3,368)	5,151
Operating profit	67,829	109,615	93,900	104,733	70,397
Investment income	(51,949)	43,874	1,790	2,624	1,179
Finance income	15,927	5,370	3,449	3,387	3,873
Finance costs	(23,633)	(45,006)	(42,081)	(17,832)	(4,497)
Share of profit of associated undertakings and joint ventures	2,482	5,020	3,422	3,406	2,440
Profit before taxation	10,656	118,873	60,480	96,318	73,392
Taxation	(26,164)	(41,126)	(23,360)	(31,448)	(17,301)
Profit for the period	(15,508)	77,747	37,120	64,870	56,091
Equity holders of the Group	(15,838)	78,182	37,671	62,886	55,235
Minority interests	330	(435)	(551)	1,984	856
Profit for the period	(15,508)	77,747	37,120	64,870	56,091

Notes to the consolidated income statement five year record:

1. Information for the 52 weeks ended 26 April 2009, the 52 weeks ended 27 April 2008, 52 weeks ended 29 April 2007 and the 53 weeks ended 30 April 2006 is presented under IFRS.

2. Information for the 52 weeks ended 24 April 2005 is presented under UK GAAP.

3. The five year record has been prepared on the same basis as the financial statements for the 52 weeks ended 26 April 2009, as set out in Note 1, basis of preparation, of the consolidated financial statements. In particular, the principles of reverse acquisition accounting and merger accounting have been adopted.

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Company Secretary and registered office
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Sports Direct International plc is registered in England and Wales (No. 6035106)

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Brokers
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EC2M 3YB

Auditors
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London
NW1 2EP

Annual General Meeting
The Annual General Meeting of the Company will be held at 3.00pm on Wednesday 9 September 2009 at Sports Direct International plc, The Auditorium, Unit D, Brook Park East, Shirebrook, NG20 8RY. Each shareholder is entitled to attend and vote at the meeting, the arrangements for which are described in a separate notice.

Dividend Payments
An interim dividend of 1.44 pence per share was paid on 30 April 2009 to shareholders on the register on 3 April 2009.

Results
For the year to 26 April 2010
Interim management statement: 9 September 2009
Half year results announced: 17 December 2009
Interim management statement: 9 February 2010
Preliminary announcement of full year results: July 2010
Annual report circulated July/August 2010

Shareholder helpline
The Sports Direct shareholder register is maintained by Capita Registrars who are responsible for making dividend payments and updating the register, including details of changes to shareholders' addresses. If you have a query about your shareholding in Sports Direct, you should contact Capita on:

Telephone: 0871 664 0300 calls cost 10p a minute plus network extras.
Address: Northern House, Woodsome Park, Fenay Bridge, Huddersfield. HD8 0LA
Website: www.capitaregistrars.com

Website
The Sports Direct website at www.sportsdirect.com provides news and details of the Company's activities plus information for shareholders. The investor section of the website contains real time share price data as well as the latest results and announcements.

Unsolicited mail
The Company is obliged by law to make its share register publicly available and as a consequence some shareholders may receive unsolicited mail, including from unauthorised investment firms. For more information on unauthorised investment firms targeting UK investors, visit the website of the Financial Services Authority at www.moneymadeclear@fsa.gov.uk.

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