SPORTSDIRECT.com

2012 ANNUAL REPORT

THE UK'S NUMBER 1 SPORTS RETAILER

“OUR POSITION AS THE CONSUMERS’ CHAMPION, OFFERING AN UNRIVALLED DEPTH AND BREADTH OF PRODUCT CHOICE AT THE BEST AVAILABLE PRICES, DELIVERED A RECORD SPORTS RETAIL PERFORMANCE. WE ACHIEVED RECORD REVENUES AND GROWTH ACROSS ALL DIVISIONS”

Dave Forsey
Chief Executive

19 July 2012

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SPORTS DIRECT IS THE UK'S LEADING SPORTS RETAILER BY REVENUE AND OPERATING PROFIT, AND THE OWNER OF A SIGNIFICANT NUMBER OF WORLD-FAMOUS SPORT, FASHION AND LIFESTYLE BRANDS.

AT A GLANCE

WHO WE ARE

- Our Group is the leading Sports Retailer in the UK.
- We supply competitively priced sports and leisure equipment, clothing, footwear and accessories.
- We sell third-party brands and Group-owned and licensed brands.
- As at 29 April 2012 our Group operated out of 395 stores in the United Kingdom (excluding Northern Ireland) mainly under the SPORTSDIRECT.com and Field & Trek fascias. During the year we acquired 67 stores in the Premium Lifestyle division.

STRATEGY

- Provide a full multichannel approach to the UK Retail market.
  - Identify opportunities for improvement through in-store specialist collaborations and acquisitions.
  - Develop online opportunities and leverage the SPORTSDIRECT.com fascia.
- Invest in our stores in the UK and Europe to continually enhance our portfolio.
- Invest in our people through the Bonus Share Scheme to reward excellent performance.
- Promote our globally recognised Brands.

MARKET

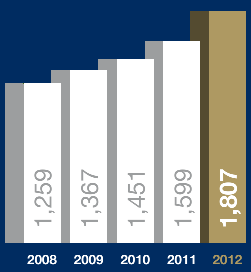
- Our Group operates in seven countries trading as Sports Direct. We also have joint ventures in Northern Ireland and the Republic of Ireland through a shareholding in Heatons.
- We own a 50.1% stake in the third largest retailer in Portugal, Sports Direct Portugal, which operates out of 13 stores.

FINANCIAL HIGHLIGHTS

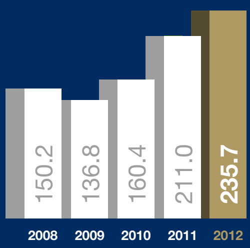
The Financial Year ended 29 April 2012 was a 53 week year. In order to make a comparison to last year, the Income Statement has been restated on a pro forma 52 week basis (“the Year”) unless otherwise specified.

- **Group revenue across all divisions up 13.0% to £1,807m (2011: £1,599m)**
  - UK Sports Retail up 7.8% to £1,342m (2011: £1,245m)
  - Online sales up 81.8% to £174m (2011: £96m)
  - International Retail up 16.6% to £154.2m (2011: £132.3m)
  - Brands division up 4.4% to £195.9m (2011: £187.7m)

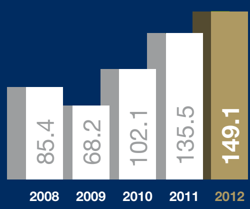
Revenue (£’m)



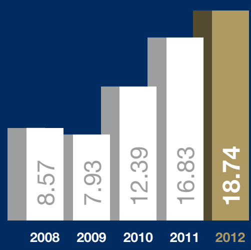
Underlying EBITDA (£’m)



Underlying Profit Before Tax (£’m)



Underlying Earnings Per Share (pence)



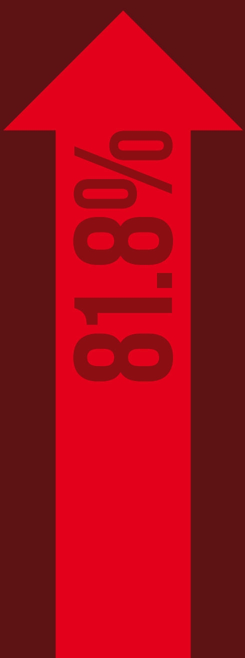
- **UK Sports Retail like-for-like 52 week gross contribution increased by 0.7% against a World Cup comparative year**
- **Group gross margins decreased by 70 basis points to 40.5% (2011: 41.2%)**
  - UK Sports Retail gross margin decreased to 41.0% (2011: 41.9%)
- **Underlying EBITDA (before Bonus Share Scheme costs) up 11.7% to £235.7m (2011: £211.0 restated from £200.4m to exclude Bonus Share Scheme costs)**
- **Underlying Profit Before Tax up 10.0% to £149.1m (2011: £135.5m)**
- **Reported Profit Before Tax up 24.6% to £148.0m (2011: £118.8m)**
- **Underlying Earnings Per Share up 11.4% to 18.74p (2011: 16.83p)**
  - Underlying Earnings Per Share excluding Premium Lifestyle up 18.4% at 19.93p
- **Record free cash generation of £192m (2011: £184m)**
- **Notwithstanding acquisitions and property purchases in the year, Net Debt to Reported EBITDA ratio improved to 0.68 (2011: 0.74)**
- **Net Debt improved from £149m in 2011 to £145m in 2012.**

OPERATIONAL HIGHLIGHTS

CONTINUED IMPROVEMENT OF THE UK STORE PORTFOLIO

Our store portfolio remains constantly under review with the performance of each store and ways of maximising performance being regularly examined. This is why we have closed 78 stores since 2008 as our portfolio continues to evolve. We increased our period end square footage to c.3.9m sq. ft (2011: c.3.8m). During the year we refurbished 21 stores and relocated eight stores, constantly improving the store appearance and providing a fresh and exciting retail environment.

During the Year, we upgraded our Carnaby Street store to provide a flagship Soccer Scene experience in Central London.



CONTINUED GROWTH OF UK ONLINE SALES

Online revenue has increased by 81.8% from £95.7m to £174.0m in the Year and represented 11.6% of total Sports Retail sales (2011: 7.0%).

We remain focused on developing this revenue stream further. Order fulfilment and information technology solutions are developed in-house with full back-up support from our National Distribution Centre resources in Shirebrook, Derbyshire.

The website has benefited from the increased recognition of the online brand with 351 of UK store fascias now branded SPORTSDIRECT.com.

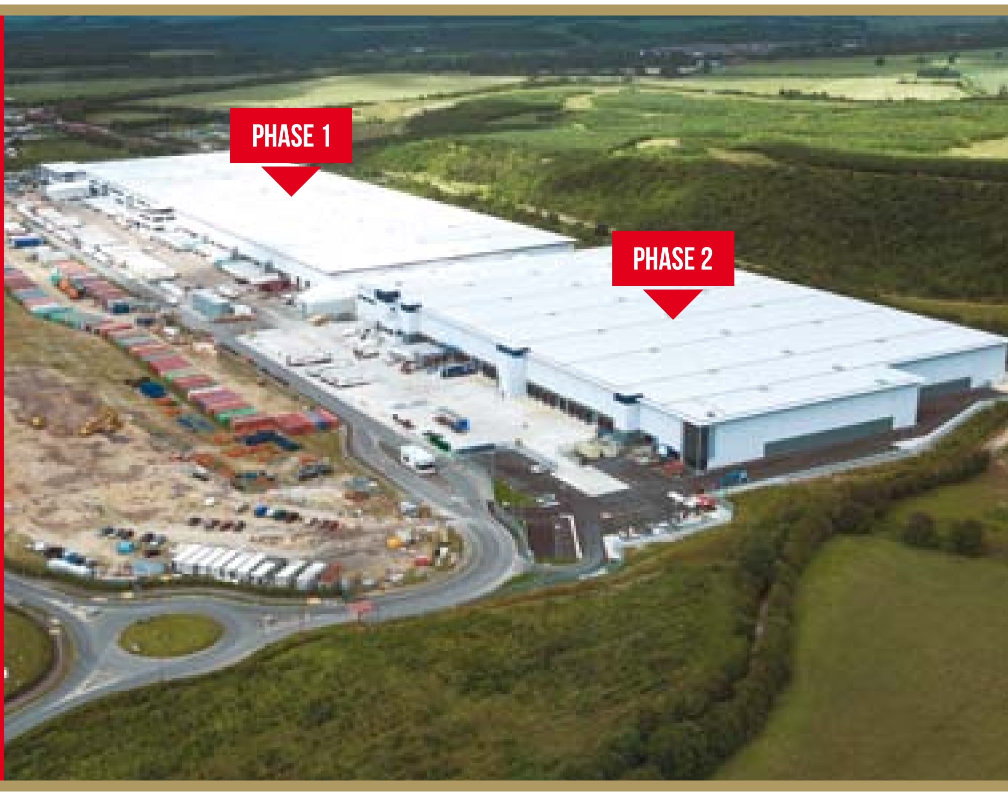
FURTHER EXPANSION OF THE INTERNATIONAL RETAIL DIVISION INTO EUROPE

We continue with our strategy to identify partners in new territories while continuing to expand our operations in the countries where we currently trade. For FY13, we are targeting 10 to 15 new stores and three to five new territories. In the first quarter, we have already opened six new stores in Hungary, Belgium, Slovenia and France. We have closed a store in both Belgium and Cyprus.

EXPANSION OF THE NATIONAL DISTRIBUTION CENTRE AT SHIREBROOK

The Group continues to invest in infrastructure in Shirebrook and the extension of the National Distribution Centre is due to be completed by Autumn 2012.

- Phase 1 = existing Unit A c.600k sq. ft
- Phase 2 = Unit B new extension c.400k sq. ft
- Phase 3 = Unit C new build (web only) c.1m sq. ft



ACQUISITIONS WITHIN THE BRANDS DIVISION

During the Year, the Group acquired the remaining worldwide rights to the No Fear brand, the Hot Tuna brand and the fashion brand Firetrap.

NO FEAR hot tuna Firetrap

CREATION OF A PREMIUM LIFESTYLE RETAIL DIVISION

During the year, the Group created a Premium Lifestyle division with the acquisition of the USC, Cruise and Van Mildert fascias.

RETAIL STORES

UK

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 brands. We stock third-party brands including adidas, Nike, Reebok and Puma. Group-owned brands include Dunlop, Slazenger and Lonsdale. We also sell licensed-in brands.

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 while at the same time differentiating the Group's stores from those of its competitors, both in terms of the range of products on sale and the competitive prices at which they are offered.

IN-STORE

The Group continues to enhance its in-store offering with dedicated areas for specialist product collections.

Since 2007 we have owned 25% of Brasher Leisure, trading as Sweatshop. This has enabled us to develop the SheRunsHeRuns concept in our stores. To date, 50% of our stores have a dedicated SheRunsHeRuns area, and 15% have a Field & Trek product area. Our newest collaboration with Soccer Scene and The Boot Room is currently in 80% of stores.

INTERNATIONAL

The Group has retail interests outside the UK and has a flexible approach to entry into new markets. These interests include wholly owned retail outlets (in Belgium, Holland, France, Luxembourg, Slovenia and Portugal trading as Sports Direct), joint ventures with other retailers (such as in Heatons stores in Northern Ireland and the Republic of Ireland) and stores within another retailer's store (as in Cyprus). Since December 2010 we have acquired a 50.1% stake in the third largest sports retailer in Portugal, Sports Direct Portugal, which operates out of 13 stores.

FASCIAS

As at 29 April 2012 the Group operated out of 395 stores in the United Kingdom (excluding Northern Ireland). The majority of stores trade under the SPORTSDIRECT.com fascia, although Field & Trek stores trade under their own fascia.

During the year, the Group created a Premium Lifestyle division which trades under the USC, Cruise and Van Mildert fascias.

SPORTS RETAIL	PREMIUM LIFESTYLE
395 STORES	67 STORES
SPORTSDIRECT.COM	USC
Lillywhites	CRUISE
field & trek.com CAMPING · WALKING · SKIING	van mildert

ONLINE

Online revenue has increased by 81.8% from £95.7m to £174.0m in the Year and represented 11.6% of total Sports Retail sales (2011: 7.0%).

We remain focused on developing this revenue stream further. Order fulfilment and information technology solutions are developed in-house with full back-up support from our National Distribution Centre resources in Shirebrook, Derbyshire. The website has benefited from the increased recognition of the online brand with 351 of UK store fascias now branded SPORTSDIRECT.com.

- Multi currency: GBP, USD and Euro
- Multi language: French, Spanish, Dutch, Italian, Polish, Portugese, Swedish and Slovenian
- mCommerce optimisation
- New product categories
- New platform
- Increased fulfilment capacity
- Click and collect
- Credit account facility

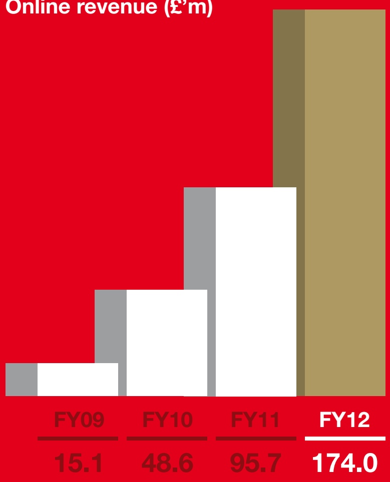
Sportsdirect.com now contains over:

120,000 PRODUCTS

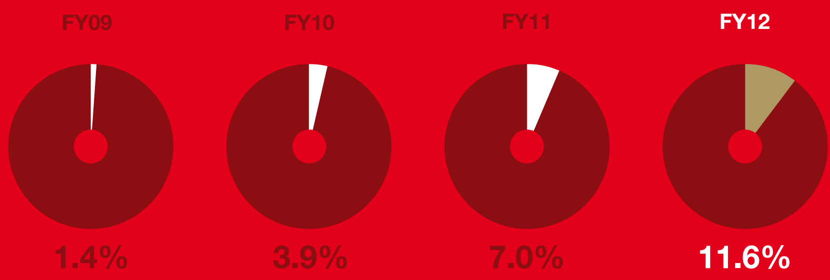
1,000 CATEGORIES

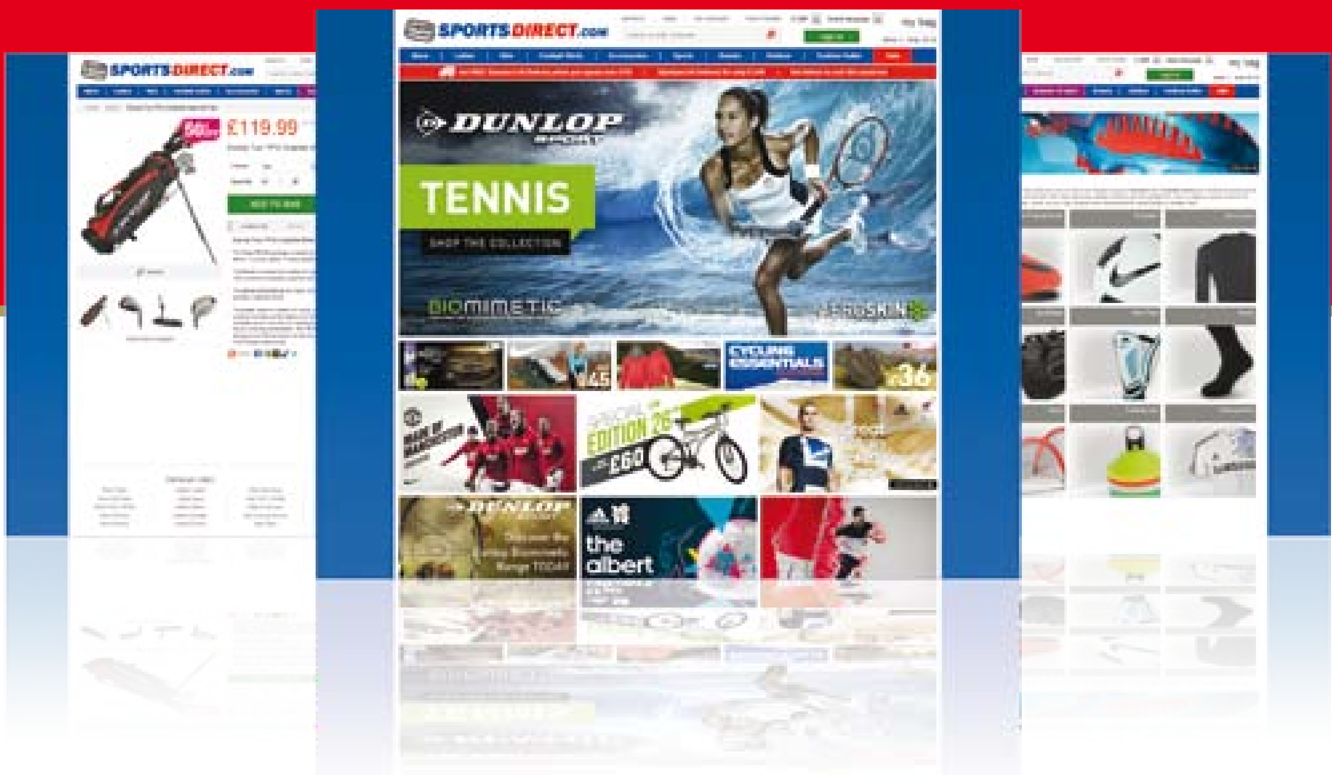
700 BRANDS

Online revenue (£'m)



Online percentage of total Sports Retail sales





OUR BRANDS

The Group's portfolio includes a wide variety of world-famous sport, fashion and lifestyle brands.

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.

DUNLOP SPORT | EVERLAST | LONSDALE LONDON | Slazenger

DONNAY | Sondico | carlton | karrimor

voodoo dolls | golddigga | USA PRO | LA GEAR

ANTIGUA | NO FEAR | KANGOL | TITLE Est. 1949

NEVICA | Firetrap | hot tuna | CAMPRI

WHOLESALE

The Brands division wholesale business sells the brands' core products, such as Dunlop tennis rackets and Slazenger tennis balls, to wholesale customers and distributors 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.

LICENSING

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, presentation and consistency with the appropriate brand strategy.

SPONSORSHIP

The Brands division continues to sponsor a variety of prestigious events and retains a base of globally-recognised, high-profile sportsmen and women.

Firetrap

The Group made acquisitions during the year, creating a new Premium Lifestyle retail division which includes USC, Cruise and Van Mildert. The Group also purchased Firetrap as an addition to the Brands division and gained control of the worldwide rights to the No Fear brand.

Hot Tuna

No Fear

CHAIRMAN'S STATEMENT

I am delighted to report the Group's strong operational and financial performance. Growth has been achieved across the business with revenue and EBITDA growing impressively. The Group has continued to deliver strong cash generation and our balance sheet remains solid. Our industry-leading position, as the consumers' champion, offering an unmatched range of products at the best available prices ensures we are well placed for the future.

We are constantly improving our business; enhancing the quality of our stores, investing in staff training and expanding our range of products.

We are particularly pleased with the growth of our online business. We have already announced the construction of an additional 1m sq. ft of warehousing at our Shirebrook headquarters to cater for the increased demand and are actively exploring ways to improve and extend customer interface with our systems.

Our newly created Premium Lifestyle division is already benefiting from our systems and processes, and, although it will take some time to fully integrate these businesses, we are targeting returning them to profit in FY13.

Our investment in our Brands division gives us the means to expand our licensing business and gain a greater share of specific, if sometimes niche, markets.

EMPLOYEE BONUS SHARE SCHEME

The Employee Bonus Share Scheme has been a great motivator across the Group. I believe this to be a pre-eminent reward scheme in the UK, and am looking forward to August 2012 when c.2,000 of our staff will receive their share awards as the first part of the 2009 Employee Bonus Share Scheme vests. I am also very pleased that these results show that we have achieved the first EBITDA target in the 2011 Bonus Share Scheme, which covers the four full years 2012-15.

On behalf of the Board I should like to thank all of our staff for their substantial contribution to our success.

SUPER-STRETCH BONUS SHARE SCHEME

As the Company achieved the super-stretch FY12 Group underlying EBITDA target, first announced in December 2011, we shall be seeking shareholder approval at the 2012 Annual General Meeting for a Super-Stretch Executive Bonus Share Scheme ("Super-Stretch Scheme") for Mike Ashley, the Company's Executive Deputy Chairman.

As announced in April 2012, the Board increased the underlying EBITDA targets for this Super-Stretch Scheme in light of the Company's strong performance. The terms of the Super-Stretch Scheme are:

- Mr Ashley will be granted eight million shares, which will vest in 2018, if two performance criteria are met:
    - the Company meets very stretching Group underlying EBITDA (before all bonus schemes' costs) targets in each and all of the following three years; and
    - the Company's net debt / EBITDA ratio is at 1.5x or less in FY15.

The new targets for Group underlying EBITDA (before the schemes' costs) are:

- FY13: £270m (2011 Employee Bonus Share Scheme: £250m)
- FY14: £290m (2011 Employee Bonus Share Scheme: £260m)
- FY15: £340m (2011 Employee Bonus Share Scheme: £300m)

DIVIDEND

When deliberating on whether to make a dividend payment in respect of the Year, the Board assessed a variety of potential investment opportunities and the Company's financial performance. Although FY12 results and cash flow performance were ahead of management's expectations as at December 2011, which means that the balance sheet is stronger than originally expected, there are a number of inorganic growth opportunities under review.
This being the case, the Board believes that it is in shareholders' best interests for the Company to maintain maximum flexibility in the near term and therefore it has decided not to return any cash at this time.

CONCLUSION

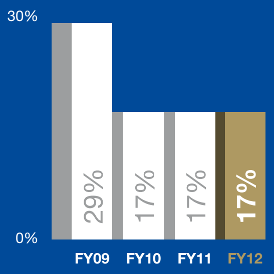
On behalf of the Board, I conclude by thanking all our employees for their substantial contribution to our success. This has been achieved in an extremely tough global economic and retail environment.

Keith Hellawell
Non-Executive Chairman
19 July 2012

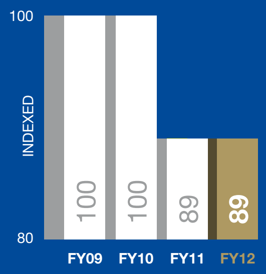
BONUS SHARE SCHEME KEY PERFORMANCE INDICATORS

The charts below highlight the motivational impact of the Bonus Share Scheme:

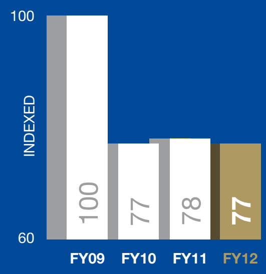
Salaried staff turnover since FY09



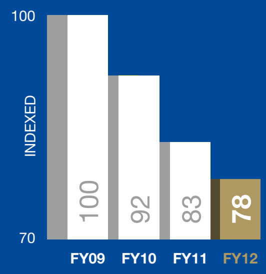
Pay versus turnover cost index since the FY09 base year



Store stock loss cost index since the FY09 base year



Energy consumption per sq. ft cost index since the FY09 base year



CHIEF EXECUTIVE'S REPORT

OVERVIEW OF FINANCIAL PERFORMANCE

I am pleased to be able to report another year of strong underlying profit growth for Sports Direct, in a consumer environment that remains tough. The resilience and flexibility of our business model continues to add significant value to our operations by providing customers with an unrivalled depth and breadth of product choice at the best available prices, across all categories and in all stores and online. We constantly review and improve our stores to provide a fresh and exciting retail environment for our customers.

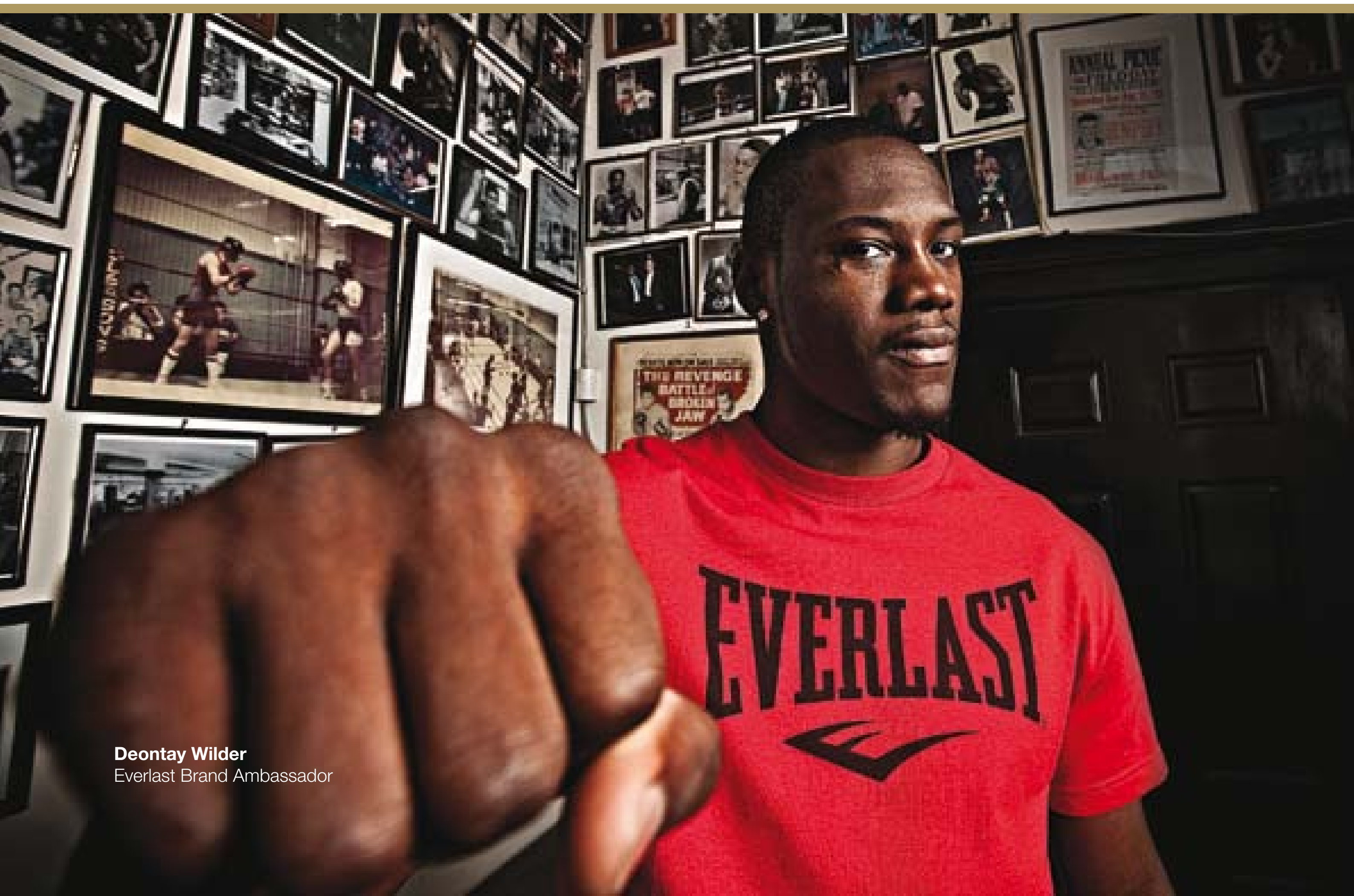
With new stores opened during the year in the UK and Europe, we are proud of our reputation for quality. We have continued to strengthen our position as the clear market leader in the UK sports retail sector, and we are very pleased to report that we increased our UK 52 week like-for-like gross contribution by 0.7% over the 12 month period, in spite of the challenging environment and tough comparatives.

We have established a strong online presence, delivering rapid growth in the Year. Critically, our online sales benefit from our UK market-leading position on the high street and from our established systems and processes, while our retail stores continue to perform strongly.

Furthermore, we have broadened our consumer offering with the creation of our Premium Lifestyle division, which includes our acquisitions of the USC, Cruise and Van Mildert retail fascias.

We also announced, post the period end, the acquisition of Flannels Group Limited, which will join the Premium Lifestyle division. We have high expectations that this exclusive offering will benefit from our strong supply chain and provide a high-quality customer experience.

Due to the success of our 2009 Bonus Share Scheme, in 2011 the Company launched a new four-year scheme covering the full years 2012 to 2015 with challenging underlying EBITDA targets of £215m, £250m, £260m and £300m. We are pleased to confirm that the first of these targets has been achieved and thank our colleagues for all their efforts this year. Both of these schemes have helped introduce and maintain a substantially lower level of employee turnover than before the scheme. This August will see the first part of the 2009 Bonus Share Scheme vest and we look forward to seeing our dedicated colleagues well rewarded for their hard work.



Deontay Wilder
Everlast Brand Ambassador

OUR BUSINESS MODEL

The Group's financial strategy is to continue to deliver sustainable long-term growth. The focus remains strongly on growing the core UK Retail business by continuing to drive efficiencies and delivering the unrivalled value for money which our growing customer base has come to expect, while developing our offering in specialist sports categories. We are constantly refurbishing and upgrading our stores to improve our customer experience.

Outside the UK, our Brands business will focus on licensing opportunities and will continue to restructure the wholesale businesses. We will continue to invest in our brands through sponsorship, advertising and promotion.

We believe that acquisitions and strategic investments in other related businesses are beneficial to the Group and we will continue to evaluate opportunities as they arise.

Sports Direct is the UK's number 1 sports retailer. By focusing on the key principles within the business model, it enables the Group to implement an effective growth strategy to maintain and develop the success achieved so far.

The Group is constantly expanding its product range and offering to customers, developing brand awareness and investing in advertising and technology. Investment is being made to increase the store portfolio, and our international presence is growing constantly.

CHIEF EXECUTIVE'S REPORT

OUR STRATEGY

The Group's growth strategy is based on the key principles described in the business model. Examples of how the growth strategy is implemented so far and the Group's aims for the future are described in the table below.

	OBJECTIVE	SO FAR	WHAT NEXT?
IDENTIFY	IN-STORE	Since 2007 we have owned 25% of Brasher Leisure, trading as Sweatshop. This has enabled us to develop the SheRunsHeRuns concept in our stores. To date, 50% of our stores have a dedicated SheRunsHeRuns area, and 15% have a Field & Trek product area. Our newest collaboration with Soccer Scene and The Boot Room is currently in 80% of stores.	The Group continues to enhance its in-store offering with dedicated areas for specialist product collections.
	ACQUISITIONS	In 2011 the Group acquired the Hot Tuna and Firetrap brands, the remaining 50% of No Fear, and created the Premium Lifestyle division by acquiring Cruise, USC and Van Mildert, then Flannels in 2012.	The Group continue to identify suitable opportunities to expand the product range and its Premium Lifestyle division.
INVEST	STORE PORTFOLIO	Since April 2011, UK Retail has opened 12 core stores and closed 13 core stores. The Group also opened six and closed three non-core stores. European retail opened nine new stores. The Group now has stores in nine different countries.	The Group intends to continue to enhance its varied store portfolio in both the UK and overseas. The Group consistently progresses with its strategy to identify partners in new territories while expanding operations in the countries where the Group currently has a presence. Plans are in place to expand International Retail operations into four more countries in the current financial year. The Group also completed the acquisition of 32 freehold and leasehold properties for an aggregate consideration of £86.8 million
	PEOPLE	People are at the heart of the success of the Group and to ensure this is recognised employees are enrolled into the Bonus Share Scheme. If the Group's targets are achieved, members of the scheme are rewarded with shares in the company. The targets of the 2009 Bonus Share Scheme were achieved. For more information see pages 28 and 61.	Due to the success of the first Bonus Share Scheme and to continue to encourage and motivate employees, the new 2011 Bonus Share Scheme has been introduced. For further information see pages 28 and 61.
DEVELOP	WEBSITE	Online retail sales currently account for 11.6% of total UK Sports Retail revenue.	Online revenue continues to be an area of growth and the Group is looking at opportunities to develop this revenue stream further. The system is built and serviced in-house and the website has benefited from the increase in recognition of the online brand now that 351 stores have the SPORTSDIRECT.com fascia.
PROMOTE	BRANDS	The Group's portfolio includes a wide variety of world-famous sport, fashion and lifestyle brands. 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 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, presentation and consistency with the appropriate brand strategy. The Brands division continues to sponsor a variety of prestigious events and retains a base of globally-recognised, high-profile sportsmen and women. The Brands division wholesale business sells the brands' core products, such as Dunlop tennis rackets and Slazenger tennis balls, to wholesale customers and distributors throughout the world.

RISK MANAGEMENT FRAMEWORK

The ability to successfully implement the strategy and business model is sometimes hindered by the various risks encountered within the business environment. The Group's risk management strategy aims to mitigate the principal risks facing the Group and is discussed in 'Risks and Uncertainties' on pages 30 to 33.

KEY PERFORMANCE INDICATORS

The Group monitors performance of strategic aims and objectives using a number of key performance indicators (KPIs), the most important of which are discussed below.

To ensure an accurate evaluation, both financial and non-financial measures are used. Further information can be found in the Chief Executive's Report, and also in the Financial Review and in the Corporate Responsibility Report on pages 16 to 43 and 62 to 65 respectively. The KPIs the Group considered of primary importance are:

Financial KPIs	**53 weeks ended 29 April 2012**	Pro forma 52 week April 2012 [2]	52 weeks ended 24 April 2011
Group revenue	**£1,835.8m**	**£1,807.2m**	**£1,599.2m**
Underlying EBITDA [1]	**£240.5m**	£235.7	£211.0
UK Retail gross margin	**41.0%**	41.0%	41.9%
UK Retail like-for-like stores gross contribution [3]	**+0.7%**	+0.7%	+6.6%
International Retail like-for-like stores gross contribution [3]	**+0.1%**	+0.1%	+8.5%
Underlying earnings per share [4]	**19.19p**	18.74p	16.83p

Non-financial KPIs			
No. of core stores [5]	**305**	305	306
Employee turnover	**17.0%**	17.0%	16.9%
Cardboard recycling	**6,622 tonnes**	6,622 tonnes	6,237 tonnes

[1] The way in which underlying EBITDA is calculated is set out in the Financial Review.

[2] The income statement has been restated to provide a 52 week Pro Forma set of results.

[3] Like-for-like gross contribution for UK and International Retail is the percentage change in successive 12 month periods, adjusted to remove impact of 53 week year. 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 major refit. Store gross contribution is the excess of sales revenue (net of VAT) over the cost of goods sold. This KPI excludes online sales revenue. The gross contribution would only be adjusted if a significant promotion affected the comparison.

[4] The way in which underlying earnings per share is calculated is set out in the Financial Review.

[5] A core store is a store acquired and fitted out by the Group or otherwise so designated.

CHIEF EXECUTIVE'S REPORT

GROUP

The Financial Year ended 29 April 2012 was a 53 week year. In order to make a comparison to last year, all references to financial performance in respect of the income statement, cash flow and business reviews are stated on, or reconciled to, a proforma 52-week basis unless otherwise specified.

For the Year we increased Group Revenue 13.0% to £1,807m. This was in the main due to the total Retail division, where we grew revenues by 14.0%, including a 8.7% growth in total Sports Retail coupled with the addition of the new Premium Lifestyle division, which contributed £74m.

Group gross margin in the Year decreased by 70 basis points from 41.2% to 40.5%. Total Sports Retail division margin decreased by 90 basis points to 41.0% (2011: 41.9%), while Brands division margin fell slightly to 41.2% (2011: 41.4%).

Including the additional £40.4m of costs of the Premium Lifestyle division, Group operating costs increased 12.5% to £516.9m (2011: £459.4m). Excluding Premium Lifestyle, Group operating costs increased by only 3.7%. Sports Retail division operating costs (excluding Premium Lifestyle and the partial release of the onerous lease provision) were well controlled and increased by only 2.0% in the Year, despite a rise in sales of 8.7%. Brands division operating costs were up just 1.3% to £55.8m (2011: £55.1m) despite an increase in spend on advertising and sponsorship, including a £2m win payment to golfer Darren Clarke for winning the Open Championship in July 2011, reflecting a reduction in locations and tight cost control.

Reflecting the success of our approach – balancing revenues and gross margin, while maintaining a tight focus on operating costs – we grew Group underlying EBITDA (pre-scheme costs) for the Year by 11.7% to £235.7m (2011: £211.0m). Within this underlying EBITDA, we increased the Total Retail division EBITDA by 11.8% to £210.7m (2011: £188.4m) and the Brands division EBITDA by 10.6% to £25.0m (2011: £22.6m).

Included within Group operating costs is a £20.7m (2011: £10.6m) charge in respect of the 2009 and 2011 Employee Bonus Share Schemes and Executive Bonus Share Schemes. This charge has been taken centrally and, except in note 4 to the accounts, is not reflected in divisional (Retail and Brands) numbers in this report. Underlying EBITDA, after this charge, is £215.0m.

For the Year, Group underlying Profit Before Tax increased 10.0% to £149.1m, as a result of the £24.7m increase in (pre-scheme costs) EBITDA, offset by the £10.1m increase in Bonus Share scheme costs and a £2.3m decrease in Investment Income. Underlying PBT, excluding the loss arising from the new Premium Lifestyle business, was £159.0m. Underlying EPS for the Year increased by 11.4% to 18.74p (2011: 16.83p).

In April 2011 we reported that Net Debt had reduced to 0.74 times reported EBITDA*. Net debt at 29 April 2012 was £145.2m (24 April 2011: £148.9m). This is 0.68 times reported EBITDA and comfortably within the parameters targeted in 2010.
This achievement is despite the investment of £131m in properties and £26.2m in acquisitions and reflects the strong cash generative ability of the Group.

* Reported EBITDA includes realised foreign exchange gains / losses in selling and administration costs and the Bonus Schemes' charge.

Relationships with our major third-party brand suppliers remain strong. Nike Group, adidas Group and Puma all have their own offices in our Shirebrook Head Office.

This enables us to work very closely with them on a day-to-day basis, for example to develop specific marketing materials such as the adidas Olympics window campaign.

REVIEW BY BUSINESS SEGMENT

Retail Revenue

	53 weeks ended 29 April 2012 (£'m)	Pro forma 52 week April 2012 (£'m)	52 weeks ended 24 April 2011 (£'m)	52 week change (%)
UK Sports Retail	1,368.2	1,342.4	1,244.5	7.9
UK Wholesale and other	41.2	41.2	34.7	18.7
Premium Lifestyle	73.5	73.5	-	-
International Retail	157.0	154.2	132.3	16.6
Total Retail revenue	**1,639.9**	**1,611.3**	**1,411.5**	**14.2**
Cost of sales	(976.4)	(959.6)	(830.3)	15.6
Gross profit	663.5	651.7	581.2	12.1
Gross margin percentage	40.5%	40.5%	41.2%	

Brands Revenue

	53 weeks ended 29 April 2012 (£'m)	Pro forma 52 week April 2012 (£'m)	52 weeks ended 24 April 2011 (£'m)	52 week change (%)
Wholesale	168.5	168.5	162.0	4.0
Licensing	27.4	27.4	25.7	6.6
Total Brands revenue	**195.9**	**195.9**	**187.7**	**4.4**
Cost of sales	(115.1)	(115.1)	(110.0)	4.6
Gross profit	80.8	80.8	77.7	4.0
Gross margin percentage	41.2%	41.2%	41.4%	

In spite of a difficult trading environment, our strategy of focusing on our core strengths, increasing efficiencies and controlling costs delivered another strong performance.

CHIEF EXECUTIVE'S REPORT

UK SPORTS RETAIL

UK Sports Retail revenue growth continues to be primarily driven by our retail and logistics skills – providing the widest choice of the best products at the best prices with universal availability.

52 week UK Sports Retail sales were up 7.9% to £1,342m (2011: £1,245m), an excellent performance against a World Cup comparative year.

Sales in the second half of the Year were up 11.2% to £667.7m (2011 H2: £600.2m). Gross margins for the second half of the Year worsened slightly to 39.7% (2011 H2: 40.2%) reflecting our investment in margin and our focus on contribution (balancing revenues and gross margin). Gross margin for the year decreased by 90 basis points to 41.0% (2011: 41.9%).

Online revenue has increased by 81.8% from £95.7m to £174.0m in the Year and represented 11.6% of total Sports Retail sales (2011: 7.0%). We remain focused on developing this revenue stream further. Order fulfilment and information technology solutions are developed in-house with full back-up support from our National Distribution Centre resources in Shirebrook, Derbyshire. The website has benefited from the increased recognition of the online brand with 351 of UK store fascias now branded SPORTSDIRECT.com.

UK Sports Retail 52 week like-for-like gross contribution increased by 0.7%, marking the third consecutive year of growth in this KPI and an excellent performance against the World Cup comparative (2011: 6.6% / 2010: 3.4%). UK Sports Retail like-for-like contribution is defined as the percentage change in contribution in the successive 12 month period, adjusted to remove the impact of 53 week year. 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 major refit. The number of stores in this calculation has remained at 290. This KPI does not include online sales.

Operating costs decreased by 1.1% to £344.5m (2011: £348.3m). Store wages were flat and as a percentage of sales remained at 8.6% (2011: 8.6%) which demonstrates the continued progress in cost control. Sports Retail premises costs fell by 2.9% as a result of the continuous process of relocations and renegotiations. Other operating costs were up 10.3% to £117m (2011: £106m) which is due to increased warehouse and storage costs. The significant part of the increase is due to the expansion of the Shirebrook National Distribution Centre and eCommerce growth. The costs were reduced by a partial release of the onerous lease provision of £6m due to unwinding of discount and the closure of stores.

Underlying EBITDA for UK Sports Retail was £207.7m (2011: £175.5m), an increase of 18.4%. This increase was driven by a £28.9m increase in gross profit (including wholesale) due to the growth in online sales and the £3.8m decrease in operating costs.

The Group's retail businesses performed strongly in a continuingly difficult economic environment. Our retail model, offering outstanding value to our customers, proved as resilient as we expected it to be, both in the UK and internationally. We believe that this business model provides flexibility and control that enables high speed of execution. Throughout the Year, we continued to focus on our fundamental approach of offering the customer the most comprehensive product range and the best availability while reducing our costs wherever possible.

The Nike Training Academy and our state-of-the-art National Training Facility in Shirebrook have been busy providing specialist training environments in Footwear, Running, Football, Women's Sportswear and SKUs (Sports Knowledge Underground). As at 29 April 2012, 252 employees had progressed to Nike Graduate level with 64 undertaking post-graduate training. In addition to Nike, we work closely with adidas and Puma to support in-store initiatives.

Access to the National Training Facility has now been expanded to improve other areas of the business. It has enabled the successful integration of USC into our operational systems, with 40 USC managers attending residential programmes. International Retail teams from France, Portugal, Holland, Belgium, Iceland and Hungary have attended training programmes to ensure standardised service delivery across our operations.

The Group continues to invest in infrastructure in Shirebrook and our exciting expansion plans for our National Distribution Centre are on target to be completed by Autumn 2012, which will more than treble the size of our facilities to over two million sq. ft. We have completed Phase 2, the 400 thousand sq. ft extension to our existing Distribution Centre. Plans are in place for the remaining development, Phase 3, a one million sq. ft distribution centre solely for our online offering.

We have continued to invest in Group marketing, including TV and press campaigns, during key sales periods and promotions. In the year we produced two million catalogues which were 50% bigger than last year.

Relationships with our major third-party brand suppliers remain strong. Nike Group, adidas Group and Puma all have their own offices in our Shirebrook Head Office which enables us to work very closely with them on a day-to-day basis.

We continue to build on our store-in-store concepts. The Soccer Scene @ the Bootroom concept has completed its roll out throughout our core stores while the SheRunsHeRuns concept continues to be developed further, and the first 'Fightzone' has opened in our key Lillywhites store.

Our store portfolio remains constantly under review with each store's performance and ways of maximising performance being regularly examined. As a result, we have closed 78 stores since 2008 as our portfolio continues to evolve. We increased our period end square footage to c.3.9m sq. ft (2011: c.3.8m). During the year we refurbished 21 stores and relocated eight stores, constantly improving the store appearance and providing a fresh and exciting retail environment. In addition, we have upgraded our Carnaby Street store to provide a flagship Soccer Scene experience in Central London.

UK STORE PORTFOLIO

	29 April 2012	24 April 2011
Core	305	306
Non-core	90	87
Total	**395**	393
Core openings	12	11
Non-core openings	6	11
Core closed	13	5
Non-core closed	3	11
SPORTSDIRECT.com fascias	351	331
Field & Trek fascias	17	19
Lillywhites fascias	1	2
Other fascias (Gilesports, Hargreaves)	26	41
Area (sq. ft)	**c.3.9m**	**c.3.8m**

In the 12 months to 29 April 2012, 42 rent reviews have been agreed on stores. The average increase in rent was 1.7% (0.34% annual equivalent). There are currently 54 rent reviews outstanding with a further 34 falling due in 2012-13. Our lease expiry profile over all core stores (excluding Lillywhites, Piccadilly) is now just 6.8 years, allowing a huge amount of flexibility within our portfolio to meet the difficulties of the current marketplace and the challenge from online.

In the 2011 Preliminary Results statement, it was announced that the Company intended to purchase properties from Mike Ashley, the Group's major shareholder. This purchase was recommended by the Board (excluding Mr Ashley because of his material interest) and approved by the shareholders at the 2011 AGM. Consequently the Group purchased a portfolio of 32 properties in April 2012 at a total cost of £86.8m. As a result of this purchase, the Group expects to reduce rental costs and increase rental income to enhance EBITDA and EPS.

In the current financial Year, we are targeting to open 20 new stores and close 20 stores, of which 10 would be relocations and 10 identifying new areas. We have already opened eight in the first quarter, including two relocations, and closed six stores.

PREMIUM LIFESTYLE

During the year, UK Retail created a Premium Lifestyle division with the acquisition of 100% stakes in USC and Van Mildert and an 80% stake in Cruise clothing. These were for a cash consideration of £7.5m and commitment to a £20m working capital facility. The Lifestyle division trades from 67 stores under the Cruise, Van Mildert, USC and Tucci fascias. Post the period end, we acquired Flannels Group Limited, which currently has six stores, and has joined the Premium Lifestyle division.

The results reported in the Financial Year 2012 are for nine months of trading for USC and Cruise and two months for Van Mildert. Sales were £73.5m with gross margins of 44.3%. Onerous leases and dilapidations charged in the year were £4.4m and the division made an EBITDA loss of £7.8m.

During the year there has been a complete review and assessment of these businesses with new stock management systems put in place in USC in early 2012. In the current year we expect to see improved trading, with the division taking advantage of the Sports Direct distribution and replenishment model. Access to the online eCommerce portal will enable a multichannel approach. As a result of these changes, we expect the Lifestyle division to return an EBITDA level profit in the financial year to April 2013.

An example of this remodelled and upgraded store concept can be seen below.

USC

van Mildert

CRUISE

CHIEF EXECUTIVE'S REPORT

INTERNATIONAL RETAIL

International Retail sales were up 16.6% to £154.2m (2011: £132.3m). On a currency neutral basis, the increase was 15.5%.

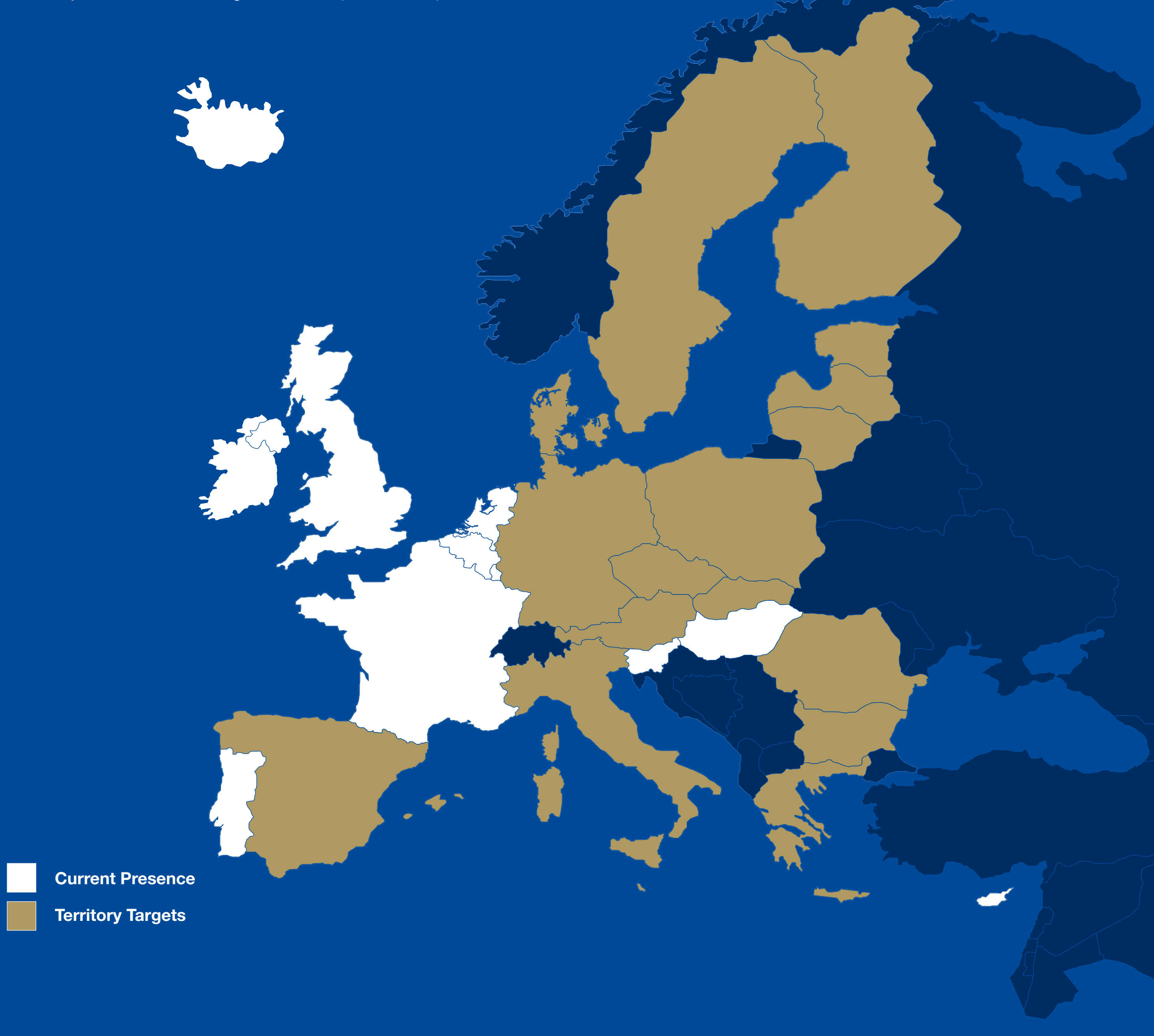
International Retail gross margin decreased in the 52 week year by 10 basis points to 43.4%. International Retail 52 week like-for-like stores gross contribution figure increased by 0.1% during the year (2011: 8.6%). There were 46 stores included in this metric, consisting of core stores that have been open for the full 12 months in both periods, adjusted for the 53 week year.

Operating costs within International Retail increased by 22.2% to £55.5m (2011: £45.4m) due to the increased store numbers and a corresponding 15% increase in floor space.

As expected, the second half of the year was much improved on the same period in the previous year; EBITDA in the second half of financial year 2012 was 61% higher at £3.7m (2011: £2.3m).

Excluding income from associates (Heatons), International Retail underlying EBITDA reduced by 5.7% to £11.5m (2011: £12.2m). This reduction, along with a £1.4m decrease in income from associates, resulted in a decrease in underlying EBITDA of 16.4% to £10.8m (2011: £12.9m).

The Group has a 50% shareholding in the Heatons chain which operates 13 Sports Direct stores in Northern Ireland and 26 sports stores in the Republic of Ireland. Since the year end we have opened a new store in Iceland with a joint venture partner.



INTERNATIONAL STORE PORTFOLIO

	29 April 2012	24 April 2011
Belgium	43	44
Slovenia	14	14
Portugal	13	10
Holland	6	4
Cyprus	6	4
France	5	2
Luxembourg	1	1
Total	**88**	**79**
Area (sq. ft)	**c.895k**	**c.778k**

All of the above stores are operated by companies wholly owned by the Group, except Portugal, where the Group owns 50.1%. As part of the accelerated growth programme, we opened nine new stores in Europe, including four in Portugal and three in France. As at 29 April 2012, International Retail operated from a total retail sales space of c.895,000 sq. ft (2011: c.778,000 sq. ft).

Importantly, with all of our new and existing stores in Europe, local management are working hard to ensure that all stores are working towards the operational efficiencies and standards that exist across the UK sports stores.

We continue with our strategy to identify partners in new territories while continuing to expand our operations in the countries where we currently trade. For FY13, we are targeting 10 to 15 new stores and three to five new territories. In the first quarter, we have already opened six new stores in Hungary, Belgium, Slovenia and France. We have closed a store in both Belgium and Cyprus.

CHIEF EXECUTIVE'S REPORT

BRANDS

Brands total revenue increased 4.4% to £195.9m (2011: £187.7m).

Wholesale revenues were up 4.0% to £168.5m (2011: £162.0m), driven by strong performances in our North American businesses. Brands gross margin decreased by 20 basis points to 41.2% (2011: 41.4%). Wholesale gross margin fell to 31.7% (2011: 32.1%) reflecting the challenging price-driven environments in the UK and Europe.

Licensing revenues were up 6.6% to £27.4m (2011: £25.7m).

During the year, we signed 67 new licence agreements, covering multiple brands and product categories, with minimum contracted values of $94m over the terms of the agreements.

We acquired the remaining worldwide rights to the No Fear brand (previously owning 50%) and remain on course for licence income to achieve a Compound Average Growth Rate (CAGR) of 11% and reach at least $60m by April 2015.

The division acquired the Intellectual Property and certain assets of Firetrap and Full Circle from administration in February 2012.

Longer term, we still regard licensing as the key driver for the Brands division's profitability and for the overall growth of the business. The main growth areas are expected to be Asia Pacific and the Americas which should offset tougher trading in the UK and the rest of Europe.

Operating costs increased by only 1.3% to £55.8m (2011: £55.1m), notwithstanding a slight increase in advertising and promotional costs as the benefits of previous cost reductions are reflected in a lower cost base. Increased promotional costs included the Darren Clarke £2m bonus for winning the Open Championship in July 2011.

Underlying EBITDA increased 10.6% to £25.0m (2011: £22.6m) due to higher wholesale sales and increased licence income. Underlying EBITDA represented 91% of licensing income in the Year (2011: 88%), continuing to move towards our target of increasing this proportion to 100%.

Cash flow in the division was strong with tight working capital management resulting in a reduction in debtors of £7.3m. Inventory remained flat versus 2011.

We continue to focus on developing world-class products that are endorsed by leading athletes on the field of play. Notably in 2012 we named one of Britain's most successful athletes of all time, James Cracknell, as our Karrimor brand ambassador. James has been putting Karrimor equipment to the test on location in Africa, America and Brazil and he will continue to test Karrimor in some of the world's harshest environments.

KEY AMBASSADORS AND EVENT ASSOCIATIONS

Brand	Sport	Ambassadors		Event Association
DUNLOP SPORT	TENNIS	**Tour Team includes:** Fernando Verdasco, Nicolás Almagro Jürgen Melzer, Dominika Cibulková Heather Watson Jonathan Marray (2012 Wimbledon Men's Doubles Champion)	**Global Ambassadors:** John McEnroe Pat Cash	**Official Ball:** Rome Masters Madrid Masters Monte Carlo Masters
	SQUASH	**Tour Team includes:** Nick Matthew, Ramy Ashour, Amr Shabana All former World No.1		**Official Ball:** **PSA** - Professional Squash Association **WSA** - Women's Squash Association **WSF** - World Squash Federation
	GOLF	Lee Westwood (former World No.1) Darren Clarke, David Howell, Thomas Aitken		
LONSDALE LONDON	BOXING	Carl Froch Nathan Cleverley, David Price	**Global Ambassador:** Joe Calzaghe	Prizefighter
	MMA	Tom Watson		**BAMMA** (British Association of Mixed Martial Arts)
EVERLAST	BOXING	Andre Ward		
	MMA	Brock Lesnar, John Jones		

James Cracknell
Karrimor Brand Ambassador

		AMBASSADORS		EVENT ASSOCIATION
Slazenger	TENNIS	**Tour Team includes:** Jamie Murray, Ross Hutchins		**Official Supplier:** The Wimbledon Championships
	CRICKET	**England Internationals include:** Eoin Morgan, Tim Bresnan, Matt Prior Johnny Bairstow, James Anderson	**Global Ambassador:** Alec Stewart	
karrimor	OUTDOOR	**Global Ambassadors:** James Cracknell, Bonita Norris		Karrimor Great Trail Challenge
NEVICA	WINTER SPORTS	**Global Ambassador:** Graham Bell		
USA PRO	WOMEN'S FITNESS	**Global Ambassador:** Kirsty Gallagher		

CHIEF EXECUTIVE'S REPORT

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 therein. Movements 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': factors beyond the Group's influence.

All of the above apply equally to our Brands businesses, both wholesale and licensing. 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 demand for their products. Difficult economic conditions can also 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.

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

The Group applies hedge accounting, which is in line with other major retailers. This reduces an element of potential volatility in reported profit.

EMPLOYEES

In no small measure, the progress we continue to make is down to the dedication and expertise of c.19,000 staff throughout the business. I am delighted to take this opportunity to thank everyone in the team for their outstanding contribution and I look forward to working with them towards our further growth and success.

We have incentivised employees by enabling them to share in the Group's success through the Bonus Share Scheme. The Bonus Share Scheme is focused on underlying EBITDA and is designed to motivate colleagues, help improve retention of key employees and to align the interests of employees and shareholders. The Scheme is also aligned with the Group's business plan.

The 2009 Bonus Share Scheme was in two stages. The first element is an award of shares, at £1.00 per share, to the value of 25% of base pay. The first bonus target was underlying EBITDA of £155m in 2009-10 and was achieved in that year. The first award of 8m shares will vest for eligible employees in August 2012.

The second element is an award of shares, at £1.25 per share, to the value of 75% of base pay. This second stage of the bonus was conditional upon the first bonus target being met in 2009-10, attaining underlying EBITDA of £195m in 2010-2011, and underlying EBITDA / Net Debt ratio of two or less at the end of 2010-11. All these targets were achieved in that year. The shares vest, subject to continuous employment until then, in August 2013.

We launched the 2011 Bonus Share Scheme this year to follow on from the previous scheme. It is a four year scheme based upon achieving underlying EBITDA before the costs of the scheme of £215m in 2012, £250m in 2013, £260m in 2014 and £300m in 2015 along with the individual employee's satisfactory personal performance. The scheme requires that all targets are met before the shares will vest. The vesting periods will be summer 2015 (approximately 8m shares) and summer 2017 (approximately 22m shares).

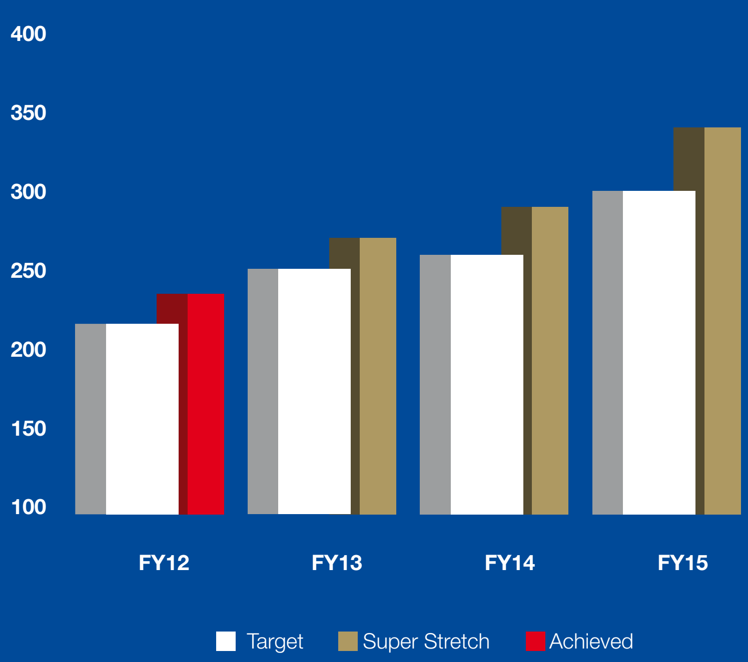
During the year we combined fashion and fundraising by launching an exclusive Lonsdale clothing range designed especially for the British Armed Forces. The collection was created to help raise money for The Royal British Legion - a charity which offers help and welfare to those who are serving and ex-servicemen, along with their families and communities.

2011 EMPLOYEE BONUS SHARE SCHEME

- **EBITDA targets of**
    - £215m in FY12 (Achieved £235.7m)
    - £250m in FY13
    - £260m in FY14
    - £300m in FY15
- **All four targets have to be met**
- **Maximum award of 30 million shares, to include c.3,000 employees.**

2012 Super Stretch Executive
Bonus Share Scheme for Mike Ashley

- **All 3 super stretch EBITDA targets must be met**
    - £270m in FY13
    - £290m in FY14
    - £340m in FY15
- **£90m additional EBITDA over 3 years**
- **8 million shares vesting in 2018**



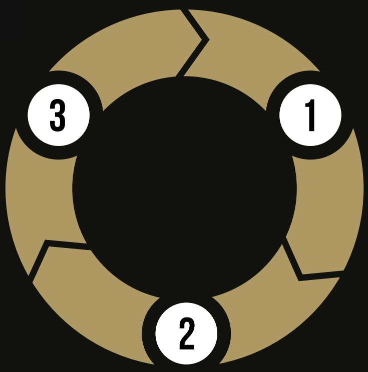
CHIEF EXECUTIVE'S REPORT

RISKS AND UNCERTAINTIES

The Board has a responsibility to govern the Group in the interest of the shareholders. The Board is responsible for deciding the objectives and the overall strategy for the Group and part of this involves taking risks. Risks are an inherent part of the business world, so to minimise the effect of potentially damaging effects to the Group, the Board ensures there is a framework of controls and robust procedures which allows risk to be monitored and managed effectively.

The Group's Approach to Risk
The identification and management of risk is a continuous process, and the Group's system of internal controls and the business continuity programmes are key elements of that. The Group maintains a system of controls to manage the business and to protect its assets with the development of contingency plans and rapid response to changing circumstances and does much to mitigate the risks facing the Group. The Group continues to invest in people, systems and in IT to manage the Group's operations and its finances effectively and efficiently.

The diagram below details the Group's risk management process



1. The risks are identified and evaluated

2. Action is taken to manage the risk

3. The practices are reviewed and monitored to limit the risk

Executive management in each business within the Group is responsible for the identification, evaluation and management of the significant risks applicable to their areas of business.

The members of the Board and Audit Committee are provided with details of the risks that have been identified and evaluated by Executive management, these are reviewed and monitored. The Board ensures that the appropriate arrangements are in place under which employees can raise concerns about possible financial or other impropriety which are then appropriately investigated.

The 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 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 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 Group's 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. 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.

The systems of internal control and risk management are designed to manage, rather than eliminate, the risk of failing to achieve business objectives.

Risk Policies and Procedures
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.

Eoin Morgan
Slazenger Brand Ambassador

CHIEF EXECUTIVE'S REPORT

RISKS AND UNCERTAINTIES Continued

Principal Risks Affecting The Group
The Group has identified the following factors as potential risks to, and uncertainties concerning, the successful operation of its business. The Group is however exposed to a wider range of risks than discussed below but these are the principal risks, that have recently been discussed by the Board and Audit Committee and are of primary concern.

Area	Risk	Mitigation
Supply Chain		
The Group operates internationally so is reliant on the successful distribution of goods, from distribution by manufacturer to sale in stores. 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.	The Group requires all suppliers to sign up to the Group's Code of Ethics / Supply Policy which enables the Group to monitor and benchmark the suppliers' performance. It allows the Group to carry out inspections of premises to ensure compliance with the Group's codes, and for continuity and quality of supply. 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.
Key Suppliers		
The Group is reliant on a good relationship with its major manufacturers, key brands or brand suppliers.	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. It may mean that customers shop elsewhere as stores cannot supply the required product.	The Group 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. This close relationship brings a better understanding of the supplier's resources enabling the Group to react quickly to changes in the international supply market.
Treasury and Financial Risk		
The Group operates internationally and the majority of foreign contracts relating to the sourcing of Group branded goods are denominated in US dollars and the Euro.	The Group is exposed to foreign exchange risk arising from various currency exposures and a strengthening of the dollar or a weakening of the pound sterling making goods more expensive. 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.	The Group seeks to mitigate the expenses and foreign exchange fluctuations by hedging via forward foreign currency contracts which are designated as cash flow hedges. 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. The Group has net borrowings, which are principally at floating interest rates linked to bank base rates or LIBOR. The Group is cash generative and is now targeting its debt levels to mitigate any such risk and currently has debt levels of less than 1 x underlying EBITDA.
Credit and Liquidity Risk		
The Group, primarily the Brands division, provides credit to some of its customers. Funding and liquidity for the Group's operations are provided through bank loans, overdrafts and shareholders' funds.	The Group could have a credit risk if credit evaluations were not performed on all customers requiring credit over a certain amount. The Group's object is to maintain sufficient funding and liquidity for its 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.	The Group's key suppliers also face credit risk and as such the Group regularly assesses the viability of its suppliers and ensures there are plans to source from alternative businesses should key suppliers fail. Rigorous procedures are in place to mitigate this credit risk. The Group has a credit policy in place and the exposure to risk is monitored on an on-going 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 mitigates liquidity risk by keeping debt levels low and the current facility has been renewed with a club of 10 banks, thereby spreading the risk.
Investment Risk		
The Group holds shares in publicly listed companies.	Fluctuations in publicly-listed companies' share prices will have a financial impact on the business results.	The Group has chosen to limit further purchases of public-listed company shares in order to reduce the potential risk to the business, although current investments are in known business sectors and are not deemed to be in volatile companies.

Area	Risk	Mitigation
Market Forces		
The sports retail industry is highly competitive and the Group currently competes at international and local levels with a wide variety of retailers of varying sizes who may have competitive advantage, and new competitors may enter the market.	Competition continues to place pressure on the Group's pricing strategy, margins and profitability.	The Group has a discount pricing policy to help reduce the risk of increased competition in the industry.
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 its business.	Although the Group is unable to mitigate any change in legislation regarding contributions, the schemes are historic and closed to new entrants. The Group does not intend to enter into any further final salary arrangements going forward.
Operational		
The Group is reliant on the divisional Head Offices and the National Distribution Centre at Shirebrook operating without disruption, along with the uninterrupted running of the Group's fleet of vehicles. The majority of the Group's revenue is derived from the UK.	Any disruption to the Head Office, the National Distribution Centre and the fleet of vehicles might significantly impact the Group's 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. Terrorist attacks, armed conflicts, government actions or adverse weather affecting the road networks within the UK could result in a significant reduction in consumer confidence, which would in turn have an adverse affect on sales in-store.	The Group has a strong business continuity plan that is regularly reviewed to address the operational risks. The Board is confident that as far as it is practical the risks and uncertainties that face the Group are being monitored and managed and that where required appropriate action is being taken. The Group constantly monitors the business environment and the nature of the business model allows for the Group to act swiftly under extraordinary circumstances.
Legal		
The Group's trade marks, patents, designs and other intellectual property rights are central to the value of the Group's brands.	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. 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. Third parties may try to challenge the ownership or counterfeit the Group's intellectual property.	The Group has an in-house legal department which includes both IP lawyers and trade mark attorneys. The legal department has specialist experience in trade mark licensing issues and manages the Group's portfolio of trade mark registrations, with assistance from a global network of counsel providing territory specific advice on local laws and regulations as required. This in-house expertise is vital in mitigating any or all such issues.
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 have a material adverse effect on the Group's businesses. The Group is dependent upon the store portfolio and consumers' spending habits.	Although unable to mitigate environmental conditions the Group is able to influence the retail portfolio and therefore constantly monitor development of stores and the Group aims to increase the square footage through viable new retail space. By monitoring stock levels correctly through sales forecasting the Group can manage the peaks in demand and trading profiles can be predicted.
Consumer		
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's brands or manufacturers or suppliers could lead to substantial erosion in the reputation of, or value associated with the Group.	The dedicated legal department monitors usage of the Group's own brands to ensure they are used in the correct manner.
Environmental		
The Group is subject to the negative effects that environmental disasters can have on the business environment.	Environmental disasters such as volcanic ash clouds and major flooding have highlighted the impossibility of predicting the extent to which an environmental occurrence may affect the business.	The Group constantly updates systems to mitigate any delay or loss of goods in transit or the absence of any employee or large numbers of employees that may or may not be altered by acts of nature.

CHIEF EXECUTIVE'S REPORT

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.

ENVIRONMENTAL MATTERS

The Corporate Responsibility Report is on pages 61 to 65 and a review of the assessment of the Group's impact on the environment is included in the Corporate Responsibility Report on page 63.

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.

OUTLOOK

Trading since the period end has remained in line with management's expectations where increased investment in margin has been funded by stronger retail sales. In spite of the low expectations surrounding England's participation in Euro 2012 and the unseasonal weather our core divisions are performing well. Excitement is building towards the Olympics and we continue to target our 2013 "Super Stretch" underlying EBITDA objective of £270m (before the charge for the bonus share schemes).

Dave Forsey
Chief Executive

19 July 2012

Fernando Verdasco
Dunlop Brand Ambassador

FINANCIAL REVIEW

The financial statements for the Group for the 53 weeks ended 29 April 2012 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In order to make a comparison to last year, all references to financial performance in respect of the income statement, cash flow and business reviews are stated on, or reconciled to, a proforma 52-week basis unless otherwise specified.

SUMMARY OF RESULTS

	53 weeks ended 29 April 2012 (£'m)	Pro forma 52 week April 2012 (£'m)	52 weeks ended 24 April 2011 (£'m)	52 week change (%)
Revenue:	**1,835.8**	**1,807.2**	**1,599.2**	**+13.0**
Underlying EBITDA	240.5	235.7	211.0	+11.7
Underlying Profit Before Tax	152.6	149.1	135.5	+10.0
Reported Profit Before Taxation	151.5	148.0	118.8	+24.6
	Pence per share	Pence per share	Pence per share	
Reported EPS	18.68	18.24	14.80	+23.2
Underlying EPS	19.19	18.74	16.83	+11.4

The directors believe that underlying EBITDA, underlying profit before tax and underlying earnings per share provide the 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 the Bonus Share Scheme, foreign exchange, and any exceptional and other non-trading items.

Lee Westwood and Darren Clarke
Dunlop Clothing Ambassadors

FINANCIAL REVIEW

REVENUE AND MARGIN

	53 weeks ended 29 April 2012 (£'m)	Pro forma 52 week April 2012 (£'m)	52 weeks ended 24 April 2011 (£'m)	52 week change (%)
Retail Revenue:				
UK Sports Retail	1,368.2	1,342.4	1,244.5	+7.9
UK Wholesale and other	41.2	41.2	34.1	+18.7
Premium Lifestyle	73.5	73.5	-	-
International Retail	157.0	154.2	132.3	+16.6
Total	**1,639.9**	**1,611.3**	**1,411.5**	**+14.0**
Brands Revenue:				
Wholesale	168.5	168.5	162.0	+4.0
Licensing	27.4	27.4	25.7	+6.6
Total	**195.9**	**195.9**	**187.7**	**+4.4**
Total Revenue	**1,835.8**	**1,807.2**	**1,599.2**	**+13.0**

For the 52 week Year, Group Revenue increased by 13.0%. Retail revenue in the Year increased by 14.0%, partly due to the purchase of the Premium Lifestyle division. Excluding Premium Lifestyle, Retail revenue increased by 8.7%. The UK accounted for 90.4% of total retail revenues with the balance in continental European stores.

Gross margin in UK Sports Retail reduced from 41.9% to 41.0%.

Our representation in both parts of Ireland is covered by Heatons, in which we have a 50.0% interest, the results of which continue to be reported as an associate.

Brands revenue increased by 4.4%. Within this, licensing income increased by 6.6%, with an increase in wholesale revenue of 4.0%.

Brands overall margins decreased slightly from 41.4% to 41.2%.

Graham Bell
Nevica Brand Ambassador

EBITDA AND PROFIT BEFORE TAX

	EBITDA (£'m)	PBT (£'m)
Operating profit - 53 weeks	**158.8**	
Depreciation	58.1	
Impairment	2.5	
Amortisation	4.7	
Exceptional items	(5.6)	
Share of profit of associated undertakings	(0.7)	
Reported	**217.8**	**151.5**
Bonus Share Scheme	20.7	
Realised FX profit	2.0	2.0
IAS 39 FX fair value adjustment on forward currency contracts	-	(3.6)
Other investment income	-	7.1
Impairment	-	2.5
Exceptional items	-	(5.6)
Fair value adjustment within associates	-	(1.3)
Underlying - 53 weeks	**240.5**	**152.6**
Less pro forma 53rd week	(4.8)	(3.5)
Underlying - 52 weeks	**235.7**	**149.1**
Premium Lifestyle	7.8	9.5
Underlying Excluding Premium Lifestyle - 52 weeks	**243.5**	**158.6**

Underlying EBITDA is the preferred measure of operational performance for the Group. This measure excludes the Bonus Share Schemes, FX, depreciation and exceptional items. Underlying EBITDA grew by 11.7% due to the growth in UK Sports Retail.

Underlying profit before tax excludes exceptional items and impairments, which increased profit by £3.1m, realised exchange profit / loss and IFRS revaluation of foreign currency contracts, which decreased 2012 profits by £2.0m and increased profit by £3.6m respectively and a £1.3m gain on fair value adjustments within associated undertakings.

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 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 Company's policy has been to hold or hedge up to four years (with generally a minimum of six months) of anticipated purchases in foreign currency.

The exchange loss of £2.0m (2011: £0.3m 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 £3.6m (2011: £1.6m loss) included in finance income substantially represents the reduction in the mark-to-market provision made (under IFRS) for the unhedged forward contracts at 24 April 2011. A number of the forward contracts outstanding at 29 April 2012 qualify for hedge accounting and the fair value loss on these contracts of £1.3m has been debited to equity through the Consolidated Statement of Comprehensive Income. The Group has sufficient US Dollar contracts to cover all purchases in UK Retail for the 2013 financial year. These hedged contracts are at an average rate of 1.620.

The Sterling exchange rate with the US dollar was $1.650 at 24 April 2011 and $1.626 at 29 April 2012.

EXCEPTIONAL ITEMS

	53 weeks ended 29 April 2012 (£'m)	Pro forma 52 week April 2012 (£'m)	52 weeks ended 24 April 2011 (£'m)
Profit on sale of intangible assets	1.6	1.6	0.9
Release of provisions for Regulatory costs	2.3	2.3	-
Lease surrender incentive	0.7	0.7	-
Profit on disposal of property	1.0	1.0	-
Provision for the cost of legal disputes	-	-	(3.1)
	5.6	**5.6**	**(2.2)**

As we have previously stated, the Office of Fair Trading and the Serious Fraud Office have concluded their investigation and absolved the Company and any individuals from any wrongdoing. The legal fees incurred by the Group in relation to these matters has accumulated to £4.7m.

FINANCIAL REVIEW

FINANCE INCOME

	53 weeks ended 29 April 2012 (£'m)	Pro forma 52 week April 2012 (£'m)	52 weeks ended 24 April 2011 (£'m)
Bank interest receivable	0.6	0.6	0.4
Expected return on pension plan assets	2.3	2.3	2.2
Fair value adjustment to forward foreign exchange contracts	3.5	3.5	-
Finance income	**6.4**	**6.4**	**2.6**

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 that do not qualify for hedge accounting.

FINANCE COSTS

	53 weeks ended 29 April 2012 (£'m)	Pro forma 52 week April 2012 (£'m)	52 weeks ended 24 April 2011 (£'m)
Interest on bank loans and overdrafts	(5.7)	(5.6)	(4.3)
Interest on other loans	(0.3)	(0.3)	(0.4)
Interest on retirement benefit obligations	(2.5)	(2.5)	(2.6)
Fair value adjustment to forward foreign exchange contracts	-	-	(1.6)
	(8.5)	**(8.4)**	**(8.9)**

The rise in interest payable is a result of the operation of the full year's impact of a new revolving credit facility.

TAXATION

The effective tax rate on profit before tax for 2012 was 30.3% (2011: 29.9%). This rate reflects depreciation on non-qualifying assets. Excluding the impact of non-recurring items, the effective rate of taxation for the year would be 29.0% (2011: 31.0%).

EARNINGS

	53 weeks ended 29 April 2012 (pence per share)	Pro forma 52 week April 2012 (pence per share)	52 weeks ended 24 April 2011 (pence per share)	Change (%)
Reported EPS (Basic)	18.68	18.24	14.80	+23.2
Underlying EPS	19.19	18.74	16.83	+11.4
Weighted average number of shares (actual)	568,591,000	568,591,000	568,552,000	

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 after tax is as follows:

	53 weeks ended 29 April 2012 (£'m)	52 weeks ended 24 April 2011 £'m)
Profit after tax	**106.2**	**84.2**
Post tax effect of exceptional items:		
Other investment income	7.1	8.4
Write back of provision for regulatory enquiry costs	(1.6)	-
Impairment of goodwill	1.8	-
Disposal of Freehold properties	(1.2)	-
Profit on sale of intangible assets	(1.2)	(0.6)
Provision for cost of legal dispute	-	2.2
Fair value adjustment to forward foreign exchange contracts	(2.5)	1.2
Realised profit / loss on forward foreign exchange contracts	1.4	(0.3)
Fair value adjustment within associated undertakings	(0.9)	0.6
Underlying profit after tax - 53 weeks	**109.1**	**95.7**
Less pro forma week 53	(2.5)	
Underlying profit after tax - 52 weeks	**106.6**	

Kirsty Gallagher
USA Pro Brand Ambassador

FINANCIAL REVIEW

DIVIDENDS

In December 2011, the Board stated that while there were several potential investment opportunities available which could accelerate the Company's underlying growth prospects it would be inappropriate to reinstate regular annual dividends in the near term. The Board committed to keep under constant review the balance sheet in light of resources and existing investment plans and that it would look to evaluate alternative methods of returning cash to shareholders when appropriate. In the February IMS, the Board confirmed that, in light of the strong performance to that point, it would review the dividend policy at the end of the Year.

Although the FY12 results and cash flow performance were ahead of management's expectations as at December 2011, which means the balance sheet is stronger than originally expected, there are a number of investment opportunities under review. This being the case, the Board believes that it is in shareholders' best interests for the Company to maintain maximum flexibility in the near term and therefore it has decided not to return any cash at this time.

The Board remains committed to keeping this policy under review.

CAPITAL EXPENDITURE

Capital expenditure amounted to £131.0m (2011: £22.0m) which includes the purchase of freehold property from Mike Ashley for £86.8m, as well as expenditure on licenses which are included in intangible assets.

ACQUISITIONS

The Group made acquisitions during the year, creating a new Premium Lifestyle retail division which includes USC, Cruise and Van Mildert. The Group also purchased Firetrap as an addition to the Brands Division and gained control of the worldwide rights to the No Fear brand.

STRATEGIC INVESTMENTS

During the Year the Group held investments in Blacks Leisure Group plc and JD Sports Fashion plc. Changes in the value of these shares are recognised directly in equity in accordance with IFRS.

	29 April 2012 (£'m)
Total available-for-sale investments at 24 April 2011	53.1
Additions	0.5
Revaluation through equity	(7.0)
Total available-for-sale investments at 29 April 2012	**46.6**

We have previously reported that some of 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 were in dispute with the administrators concerning the ownership of the shares they held. In the 2009 financial statements we concluded that we may not directly "control" the shares for accounting purposes and therefore treated them as having been derecognised. This derecognition resulted in the transfer of historic losses, previously recognised in the statement of comprehensive income, of £53.2m into the income statement in the year ended 26 April 2009. £47.3m of this loss was in relation to the Group's shareholding in Blacks Leisure Group Plc ("Blacks").

On 21 February 2010 the Company entered into an agreement with the administrator of KSF to acquire any rights which may be determined that they hold. On 13 May 2010 the judgment of the court proceedings which commenced on 26 April 2010 was handed down. The court determined that the Group had acquired beneficial interest in 12,153,071 ordinary shares in Blacks and 5,775,255 in JD Sports on 8 October 2008. This acquisition was reflected in the 2010 financial statements. The judgement also resulted in the Group regaining control of the shares.

The administrator of KSF appealed the decision and on 2 March 2011 the Company entered into a settlement deed with the administrator. As part of the settlement deed the Company received £5.6m in full and final settlement of the amount held in escrow and the remaining claim in the administration. In effect the shortfall between the value of the debtors and the amount received is an increase in the consideration paid to acquire the shares on 21 February 2010. In total the Group paid £6.6m to acquire 12.153m shares in Blacks. The Group subsequently purchased a further 5.750m shares on 25 July 2011. On 9 January 2012 JD Sports announced that it had acquired the trade and assets of Blacks from its administrators. Existing shareholders did not receive any distribution from the administration and so the Group has written off the original cost of its investment in Blacks. This resulted in a transfer of historic losses, previously recognised in the statement of comprehensive income, of £7.1m into the income statement in the year.

The respective shareholdings at 29 April 2012 and 24 April 2011 were as follows:

	At 29 April 2012		24 April 2011	
	Shares 'm	Holding	Shares 'm	Holding
Blacks Leisure Group	-	-%	12.153	14.50%
JD Sports Fashion	5.775	11.87%	5.775	11.87%

CASH FLOW AND NET DEBT

Net debt decreased by £3.7m from £148.9m at 24 April 2011 to £145.2m at 29 April 2012.

The analysis of debt at 29 April 2012 was as follows:

	29 April 2012 (£'m)	24 April 2011 (£'m)
Cash and cash equivalents	69.4	48.6
Borrowings	(214.6)	(197.5)
Net Debt	**(145.2)**	**(148.9)**

The Group continues to operate comfortably within its banking facilities and covenants. Our facilities are in place until March 2014.

CASH FLOW

Total movement is as follows:

	29 April 2012 (£'m)	24 April 2011 (£'m)
Underlying EBITDA	235.7	211.0
Realised (loss) / profit on forward foreign exchange contracts	(2.0)	0.3
Taxes paid	(41.3)	(27.3)
Free cash flow	**192.4**	**184.0**
Pro forma 53rd week Underlying EBITDA	4.8	-
Invested in:-		
Working capital and other	(31.8)	4.7
Acquisitions (including debt)	(26.2)	-
Net purchase of investments	0.8	-
Net capital expenditure	(131.0)	(21.0)
Finance costs and other financing activities	(5.3)	(4.7)
(Increase) / decrease in net debt	**3.7**	**163.0**

RECONCILIATION OF MOVEMENT IN EQUITY

Total equity movement is as follows:

	29 April 2012 (£'m)
Total equity at 24 April 2011	331.1
Profit after tax for the 53 weeks ended 29 April 2012	103.1
Profit after tax for the pro forma 53rd week	2.5
Share based payment	20.7
Deferred tax on share schemes	14.2
Items taken directly to equity:	
Exchange differences on translation of foreign operations	(2.3)
Exchange differences on hedged contracts - recognised in the period	(1.3)
Exchange differences on hedged contracts - reclassified and reported in net profit	8.0
Actuarial loss on pension	(5.5)
Fair value adjustment in respect of available for sale financial assets	0.2
Tax on items taken directly to equity	1.5
Movement in equity issues:	
Movement in non-controlling interests	(0.3)
Total equity at 29 April 2012	**471.9**

PENSIONS

The Group operates a number of closed defined benefit schemes in the Dunlop Slazenger companies. The net deficit in these schemes increased from £16.2m at 24 April 2011 to £19.3m at 29 April 2012.

Bob Mellors
Finance Director
19 July 2012

THE BOARD

- Audit Committee
- Remuneration Committee
- Nomination Committee

DR KEITH HELLAWELL QPM (aged 70)

Non-Executive Chairman
Chairman of Nomination Committee

Appointed
24 November 2009

Past Roles
Prior to joining Sports Direct International plc, Dr Hellawell spent over 40 years in public sector management being a former Chief Constable of two British police forces. Between 1998 and 2002, working directly for the Prime Minister, he wrote and coordinated the United Kingdom national and international anti drugs policy.

Current Roles
He has been involved in the private sector since 1998 when he joined Evans of Leeds, a fully listed property company. Since then he has served on the Boards of both Dalkia plc and Sterience Limited, subsidiaries of the French company Veolina Env. Dr Hellawell is currently a Non-Executive Director of Mortice plc, a Singapore based facilities management company and a Director of Huddersfield Giants Super-League team. He was Non-Executive Chairman of Goldshield Group plc, a marketing led pharmaceutical and consumer health company, from May 2006 to its sale in December 2009. He has held a number of other Non-Executive Board positions in private companies including vehicle manufacturing and IT. He runs his own management and training consultancy company.

Key Strengths / Skills
Dr Hellawell has worked in both the public and private sector for over 50 years. Throughout this time he has built up a wealth of experience to ensure the successful and effective operation of the Board.

MIKE ASHLEY (aged 47)

Executive Deputy Chairman

Appointed
Founder

Past Roles
Mike Ashley 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.

Current Roles
Mike is the Executive Deputy Chairman.

Key Strengths / Skills
Mike was the founder of the Group and has the necessary skills for formulating the vision and strategy of the Company. With over 30 years in the sports retail business with Sports Direct, he is invaluable to the Company.

DAVE FORSEY (aged 46)

Chief Executive

Appointed
1984

Current Roles
Dave is the Chief Executive of the Group.

Key Strengths / Skills
Dave has been with the business for over 27 years, during which time he has acquired significant knowledge and experience. He has overall responsibility for the Group's day-to-day management.

BOB MELLORS

Group Finance Director (aged 62)

Appointed
2004

Past Roles
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 Group.

Current Roles
Bob is the Group's Finance Director.

Key Strengths / Skills
Bob has extensive financial knowledge, including in corporate finance and transactions, and brings valuable experience to Sports Direct.

SIMON BENTLEY (aged 57)

Senior Independent Non-Executive Director
Chairman of the Audit Committee

Appointed
2 March 2007

Past Roles
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.

Current Roles
Simon chairs and is on the board of a range of companies and organisations. Among these, he is Chairman of the country's premier leadership in management organisation, The Leadership Trust. He is Chairman of the hair brand Umberto Giannini and is the principal owner and Chairman of the leading mobile ATM operator, Cash on the Move.

Key Strengths / Skills
Simon has lengthy experience of the sporting goods industry and was Acting Chairman of Sports Direct International plc from 31 May 2007 to 23 November 2009.

DAVE SINGLETON (aged 61)

Non-Executive Director
Chairman of Remuneration Committee

Appointed
25 October 2007

Past Roles
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 was Senior Vice President Europe, Middle East & Africa.

Current Roles
Dave is Chairman of Bolton Lads & Girls Club, Chairman of Bolton Community Leisure Trust and a Trustee at Bolton Wanderers Community Trust.

Key Skills / Strengths
Dave has an extensive Senior Management record and brings valuable experience of international sports brand operations.

CHARLES MCCREEVY (aged 62)

Non-Executive Director

Appointed
31 March 2011

Past Roles
Charles is a highly experienced politician who previously served as EU Commissioner for Internal Markets and Services (2004-2010) and has held positions in several Irish Government Ministerial Offices, including Minister for Finance (1997-2004), Minister for Tourism & Trade (1993-1994) and Minister for Social Welfare (1992-1993).

Current Roles
Charles currently holds Non-Executive Director positions at Ryanair Plc, Sentenial Ltd, Celsius Funds Plc, BNY Mellon Clearing International Limited, Grove Limited and Barchester Holdco (Jersey) Limited.

Key Skills / Strengths
Charles has an extensive all-round business knowledge with particular relevance to the European Union.

CLAIRE JENKINS (aged 48)

Non-Executive Director

Appointed
25 May 2011

Past Roles
Claire was a member of the Management Committee of international tobacco company Gallaher Group Plc (acquired by Japan Tobacco in 2007) where she was responsible for investor relations and Group planning. She has also gained corporate experience in various consulting roles and at Laing & Cruickshank, and as a Non-Executive Director of Retro Classics Fund.

Current Roles
Claire is Group Director Corporate Affairs and a member of the Executive Leadership Team at Rexam PLC, the leading global consumer packaging company. She is also a trustee of Amicus.

Key Skills / Strengths
Claire has excellent all-round business experience and, in addition, has particular corporate governance and communications skills.

DIRECTORS' REPORT

The Directors of Sports Direct International plc present their Annual Report and Accounts for the year ended 29 April 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Chief Executive's Report on pages 16 to 34 provides a detailed review of the Group's current activities and potential future developments together with factors likely to affect future development, performance and conditions. There is also a description of the principal risks and uncertainties likely to affect the Group. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the Financial Review on pages 36 to 43. The Corporate Responsibility Report on pages 61 to 65 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.

The principal activities of the Group during the Year remained unchanged and 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 the front of this document and in the Chief Executive's Report on pages 16 to 35.

RESULTS FOR THE YEAR AND DIVIDENDS

Revenue for the 53 weeks ended 29 April 2012 was £1,835.8m and profit before tax was £151.5m compared with £1,599.2m and £118.8m in the prior 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 in the Financial Review on pages 16 to 35 and 36 to 43 respectively.

The Board has agreed not to recommend a dividend this year.

SHARE CAPITAL AND CONTROL

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.

Further information regarding the Group's issued share capital can be found on page 92 of the financial statements.

Details of Executive and employee share schemes are set out on pages 28, 57 and 61. No votes are cast in respect of the shares held in the Employee Benefit Trust and dividends are waived.

640,602,369 ordinary shares of 10p are in issue and fully paid of which 42,000,000 are currently held in Treasury.

There are no specific restrictions on the transfer of shares, which are governed by the provisions of the Articles of Association and prevailing legislation.

The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

The Directors were authorised to allot shares in the capital of the Group up to an aggregate nominal amount of £19,218,412 (being approximately one third of the then issued share capital) for the period expiring at 5 September 2012, the date of the next 2012 AGM.

In line with guidance from the Association of British Insurers the Company was also granted authority to issue a further third of the issued share capital to a nominal amount of £38,436,824 (being approximately 35% of the issued share capital) in connection with a rights issue.

A further authority to allot shares up to a maximum nominal value of £2,992,761 (being approximately 5% of the then issued share capital), as if statutory pre-emption rights did not apply, was also approved.

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 Group was authorised to make market purchases of ordinary shares of 10p each in the Company of up to a maximum aggregate number 59,855,236 representing 10% of the Company's issued ordinary share capital at the 2011 AGM. The above authority expires at the close of the next Annual General Meeting of the Company, and at that meeting a similar authority will be sought from shareholders.

SHAREHOLDERS

No shareholder enjoys any special control rights, and, except as set out 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 UK Corporate Governance 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 17 July 2012, the Company has been advised that the following parties 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	71.18%	Direct
Odey Asset Management	35,054,308	6.08%	Indirect*
Schroders PLC	28,767,723	4.989%	Direct

MASH Holdings Limited is wholly owned by Mike Ashley

*22,113,737 of shares held in contract for difference account with UBS

SUPPLIERS

The Group understands the importance of maintaining good relationships with suppliers and it is Group policy 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.

Trade creditors of the Group's UK operations as at 29 April 2012 was 29 days (2011: 23 days).

CONTRACTS ESSENTIAL TO THE BUSINESS OF THE COMPANY

The Chief Executive's Report on page 16 to 35 details information about persons with whom the Company has contractual or other arrangements and are deemed 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 56 to 59.

EMPLOYEE SHARE SCHEMES

Details of both the Executive Bonus Share Schemes are set out in the Directors' Remuneration Report on pages 56 to 59, and details of the Employee Bonus Share Schemes are on pages 28 and 61.

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

Our success is a result of the hard work, dedication and commitment of our c.190,000 employees and as a result of the Bonus Share Scheme they now have the chance to gain their own personal stake in the Company. The scheme is open to permanent employees and aims to motivate and provide the employees with a direct and substantial link between Group performance and their remuneration, and to encourage employee participation in the Group. The 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 Responsibility Report on page 61.

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 employee's 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.

CHARITABLE AND POLITICAL DONATIONS

During the Year, the Group made charitable cash donations of £30,060 (2011: £20,896) in the UK. In addition, the Group made cash donations to various charities within the USA, supported significant fundraising and made non-cash donations in the UK and overseas (examples are contained in the Corporate Responsibility Report). No political donations were made (2011: nil).

DIRECTORS

Details of current Directors, dates of appointment, their roles, responsibilities and significant external commitments are set out on pages 44 and 45.

Although the Company's Articles of Association require retirement by rotation of one third of Directors each year, the Group has chosen to comply with the 2010 UK Corporate Governance Code and at each AGM the Directors will retire and stand 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 29 April 2012 and at the date of this report is shown in the Directors' Remuneration Report on pages 56 to 59.

Copies of the service contracts of Executive Directors and of the appointment letters of the 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 formal 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. 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.

DIRECTORS' INDEMNITIES

The Directors have been granted Qualifying Third Party Indemnity provisions by the Group within the meaning given to the term by Sections 234 and 235 of the 2006 Act. The indemnities were in force throughout the financial year and will remain in force.

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting will be held on 5 September 2012 at Unit D, Brook Park East, Shirebrook, NG20 8RY. The Board encourages shareholders to attend and participate in the meeting.

GOING CONCERN

The Group's business activities, together with the factors likely to affect the future development and performance, are included in the Chief Executive's review. The principal risks and uncertainties potentially facing the Group are found on pages 30 to 33. The financial performance of the Group, its cash flows, liquidity position and borrowing are described in the financial review. In addition to the financial statements, the Group's objectives, policies and processes for managing capital, and details of its financial instruments and hedging activities are described on page 76.

The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group should be able to operate within the level of the current facility.

The Directors have thoroughly reviewed the Group's performance and position and the Directors are therefore confident that the Group will continue in operational existence for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis for the preparation of the annual report and financial statements.

ACCOUNTABILITY AND AUDIT

A statement by the Auditor can be found on page 67 detailing their reporting responsibilities. The Directors fulfil their responsibilities and these are set out in the responsibility statement on page 60.

AUDITOR

Grant Thornton UK LLP have expressed a willingness to continue in office and resolutions to determine remuneration are to be agreed at the AGM.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In accordance with the provisions of section S418 of the Companies Act 2006 each person who is a Director at the date of approval of this report confirms that:

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

By Order of the Board

Rebecca Tylee-Birdsall
Company Secretary
19 July 2012

CORPORATE GOVERNANCE REPORT

The Group is committed to high standards of Corporate Governance. The following section will detail how the UK Corporate Governance code has been applied during the year.

CHAIRMAN'S INTRODUCTION

I am pleased to introduce the Corporate Governance Statement which contains details of the activities of the Board and its committees and how the Group complied with the UK Corporate Governance Code 2010 for the year ended 29 April 2012.

In February 2011 Lord Davies made recommendations that women should be better represented on the Board of UK listed companies. He made clear that Companies should be transparent about achieving his intentions of a 25% female representation on the Board.

Diversity is considered key to the success of The Group. Across its workforce the Company employs thousands of people with a wealth of different backgrounds and skills. Given this, the Company is mindful of the Lord Davies report and wholeheartedly agrees with its conclusion that women should be equally represented not just in the Board room, but in other areas of the business.

The Nominations Committee considers candidates on merit and against objective criteria, with due regard for the benefits of diversity on the Board, including gender. Currently, 14% of the Group's Board (excluding the Chairman) is made up of women and we aim to increase this as and when suitable vacancies arise, however, of primary importance is a strong Board to help promote the success of the company, meaning appointments will be made on the grounds of merit rather than being influenced so as to meet specific quotas.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance processes and policies, and has concluded that during the 53 weeks ended 29 April 2012 (the Year) the Company complied with the provisions of the Code except as set out below.

Provision B.1.1 states "The Board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director: has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme". Keith Hellawell, the Group's Chairman has the option to buy £5,000 worth of shares at the nominal value of £0.10 on an annual basis. Keith Hellawell exercised his option during the Year (see page 59). He has informed the Board that he will be waiving this right in the current financial year.

The Board and Remuneration Committee are satisfied that the additional remuneration does not impair his independence.

Provision B.6.2 states that evaluation of the Board of FTSE 350 companies should be externally facilitated at least every three years. A statement should be made available of whether an external facilitator has any other connection with the company. As stated in the 2011 Annual Report, the Board will facilitate external evaluation every three years, the first external evaluation will take place in 2014.

THE BOARD

The Board consists of a Non-Executive Chairman Keith Hellawell, the Deputy Chairman Mike Ashley, two Executive Directors, and four Non-Executive Directors. The names, skills and experience of each member of the Board are set out above on pages 44 and 45.

The size and composition of the Board are regularly reviewed by the Board to ensure that there is the appropriate balance of skills and experience.

Role of the Board
The role of the Board is to ensure the overall long-term success of the Group. This is achieved through the review, development and implementation of the Group's strategy. The Board also maintains responsibility for corporate responsibility, accountability and to ensure effective leadership is delegated to management for the day-to-day running of the Group, and ensures an appropriate strategy is in place for succession planning.

The Board has a programme in place to enable it to discharge its responsibility of providing effective and entrepreneurial leadership to the Company within a framework of prudent and effective controls.

The Board plans to meet on a formal basis six times during the year with up to four additional strategy meetings at convenient times throughout the year when broader issues concerning the strategic future of the Company will be discussed. The Board will meet on other occasions as and when the business demands. During the Year the Board met on six occasions.

A detailed agenda is established for each meeting, and appropriate documentation is provided to Directors in advance of the meeting. Regular Board meetings provide an agenda that will include reports from the Chief Executive, 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. The Board will monitor and question monthly performance and review anticipated results.

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.

Key Activities

- Ensuring the long-term success of the Group.
- Considering the obligations to shareholders and other stakeholders.
- Considering the effect the Group's activities have on the environment and community in which it operates.
- Maintaining a high business reputation.
- Maintaining relationships with suppliers, customers and the wider community.

There is a formal schedule of matters that require Board approval: they are matters that could have significant strategic, financial or reputational effects on the Group as a whole.

Matters reserved for the Board

- Sets budgets.
- Monitors and reviews strategy and business performance.
- Approves acquisitions, expansions into other regions / countries.
- Appointments and removal of Board members.
- Succession planning.
- Appointment and removal of auditors.
- Overall responsibility for internal control and risk management as described on pages 30 to 33.

The Chairman and Executive Directors

The division of responsibilities between the Non-Executive Chairman, the Executive Deputy Chairman and the Chief Executive is in writing and has been agreed by the Board, however, they work closely together to ensure effective decision-making and the successful delivery of the Group's strategy.

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and 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 understands 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. He takes the lead in the strategic development of the Company, formulating the vision and strategy, which he does in conjunction with the Chief Executive.

The Company has entered into a Relationship Agreement with Mike Ashley, the Executive Deputy Chairman, whose wholly owned company, MASH Holdings Limited currently holds approximately 71.18% of the issued share capital of the Company (excluding treasury shares). This agreement is described in the Directors' Report on page 47.

The Chief Executive is responsible for the running of the Group's business for the delivery of the strategy, leading the management team and is responsible for implementing specific decisions made by the Board to help meet shareholder expectations. The Chief Executive reports to each Board meeting on all material matters affecting the Group's performance. No one individual has unfettered power of decision.

Given the structure of the Board, the fact that the Chairman and Chief Executive roles are fulfilled by two separate individuals and the terms of the Relationship Agreement with Mike Ashley, the Board believes that no individual or small Group of individuals can dominate the Board's decision making.

The Non-Executive Directors

The Board consists of four Non-Executive Directors and the Chairman. The Non-Executive Directors role is to understand the Group as a whole and constructively challenge strategy and management performance, set Executive remuneration levels and ensure an appropriate succession planning strategy is in place. They must also ensure they are satisfied with the accuracy of financial information and that sound risk management processes are in place.

The Non-Executive Directors have excellent experience from a wide range of sectors. The Non-Executive Directors assist the Board with issues such as governance, internal control, remuneration and risk management.

Simon Bentley is the Senior Independent Non-Executive Director. He supports the Chairman and Non-Executive Directors and is available to shareholders if they have concerns.

The Non-Executive Directors – External Appointments

Non-Executive Directors are required to disclose prior appointments and other significant commitments to the Board and are required to inform the Board of any changes to or additional commitments. Details of the Non-Executives Directors' external appointments can be found on pages 44 and 45.

Before accepting new appointments, Non-Executive Directors are required to obtain approval from the Chairman and the Chairman requires whole Board approval. It is essential that any appointments do not cause a conflict of interest or jeopardise a Director's commitment and time spent with the Group in their existing appointment.

The Non-Executive Directors – Independence

The Group considers the Non-Executive Directors to be independent in accordance with the 2010 UK Corporate Governance Code.

Executive and Non-Executive Directors - Conflicts of Interest

The Board has set procedures to deal with Directors' conflicts of interest that arise. 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. The Board noted any transactional conflicts of interest concerning Directors that arose and where 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.

CORPORATE GOVERNANCE REPORT

THE BOARD Continued

Executive and Non-Executive Directors - Re-election
The Group complies with The 2010 UK Corporate Governance Code and all Directors offer themselves for re-election every year. The Board have determined that all Directors must put themselves forward for election or re-election at the 2012 AGM to comply with the UK Corporate Governance Code. Retiring Directors may seek reappointment if willing and eligible to do so and if so recommended by the Nomination Committee. 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.

Executive and Non-Executive Directors - Re-election
Details of Executive Directors' service contracts and of the Chairman's and the Non-Executive Directors' appointment letters are given on page 57. 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.

Length of service
The length of service of each of the Non-Executive Directors (including the Chairman) are below:

	Date of appointment
Claire Jenkins	25/05/2011
Charles McCreevy	31/03/2011
Dave Singleton	25/10/2007
Simon Bentley	02/03/2007
Keith Hellawell	24/11/2009

Executive and Non-Executive - Training and development
All newly appointed Directors are provided with a tailored induction programme based on their existing skills and experience.
The Board is also informed of any material changes to laws and regulations affecting the Group's business. 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.

Executive and Non-Executive Directors - Performance Evaluation
There is a formal process in place for the performance evaluation of the Board, its Committees and individual Directors. Each Director is given the opportunity to express their 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.

An internal Board evaluation was facilitated by the Chairman, who provided the other members of the Board with a confidential questionnaire. The findings were presented to the Board.

The evaluation did not highlight any areas of concern and the Directors are satisfied the Board and its Committees are operating effectively.

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.

In 2014 the Board will facilitate an external evaluation by independent consultants and going forward this will be completed every three years.

BOARD COMMITTEES

To assist the Board with their duties, there are three principal Board Committees: the Audit, Remuneration and Nomination Committees. The Committees are governed by terms of reference which provide detail of matters delegated to each Committee and the authority they have to make decisions. Full terms of reference are available on request and on the Company's website.

Attendance by Directors at Board and 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
Keith Hellawell	6/6	3/3	3/3	1/1
Mike Ashley	5/6	-	-	-
Simon Bentley	6/6	3/3	3/3	1/1
Dave Forsey	6/6	-	-	-
Claire Jenkins	6/6	3/3	2/2	-
Charles McCreevy	6/6	3/3	3/3	1/1
Bob Mellors	6/6	-	-	-
Dave Singleton	6/6	3/3	3/3	1/1

AUDIT COMMITTEE

Attendance at meetings of Committees is set out on the previous page.

Directors who served on the Committee during the Year were:

Simon Bentley	(Chairman)
Dave Singleton	
Charles McCreevy	
Claire Jenkins	25 May 2011

Simon Bentley, the Chairman of the Audit Committee, is a Chartered Accountant, and has relevant financial experience and is supported by the rest of the Committee. All of the members of the Committee are considered independent.

In addition to the Committee members, the external auditors attend meetings of the Committee, other than when their appointment is being reviewed. The Group Finance Director also attends when required. The Committee meets the auditors in the absence of Executive management at least twice a year and the Chairman of the Audit Committee meets with the auditors as and when it is needed.

The Committee met on three occasions during the Year. The Audit Committee will meet not less than three times a year: this could be increased depending on the Group's requirements.

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.

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.
- 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.
- Monitoring, making judgements and recommendations on the financial reporting process and the integrity and clarity of the Group's financial statements.
- Reviewing and monitoring the effectiveness of the internal control and risk management policies and systems in place.
- Monitoring the audit of the annual and consolidated accounts.

What has the Committee done during the year?

- Monitored the effectiveness of internal controls, and also considered the current economic climate and its likely impact on the Group.
- Considered the reappointment of the auditors.
- Reviewed accounting policies and the financial statements.
- Approved policy for non-audit work.

On an annual basis, the Audit Committee considers the reappointment of the auditors and their remuneration and makes recommendations to the Board. The auditors are appointed each year at the Annual General Meeting. The Committee considers the level of service provided by the auditors and their independence.

The external auditors are required to rotate audit partners for the Group audit every five years and the current lead partner has been in place for three years.

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 auditor's 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.

The policy identified three categories of potential work.

Auditor Authority	Type of Work
Work the auditor may not provide as completing the task could create a threat to independence.	The 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.
Work the auditor may undertake with the consent of the Chairman of the Audit Committee.	Corporate Finance services, acquisition due diligence, management consultancy and secondment of staff other than for the preparation of accounting entries or financial statements.
Work the auditor may undertake	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.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

Directors who served on the Committee during the Year were:

Dave Singleton	(Chairman)
Simon Bentley	
Keith Hellawell	
Charles McCreevy	
Claire Jenkins	13 December 2011

The Remuneration Committee assists the Board to ensure appropriate levels of pay and benefits are in place for Executive and Non-Executive Directors. A key priority is to ensure that remuneration policy is aligned with strategy to achieve the long-term success of the Group. The Committee ensures that it complies with the requirements of regulatory and governance bodies including the UK Code whilst meeting shareholder and employee expectations. All members of the Committee are Non-Executive Directors and are considered independent.

Responsibilities:

The responsibilities of the Remuneration Committee include:

- Determining 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 thereof.
- Agree any compensation for loss of office of any Executive Director.

The Remuneration Committee meets at least three times a year and met on three occasions during the Year.

A report on the remuneration of Directors appears on pages 56 to 59.

What has the Committee done during the year?

- Reviewed the proposed bonus scheme for Mike Ashley.
- Reviewed Executive remuneration to include salaries and bonuses.
- Reviewed and approved the Directors' Remuneration Report contained on pages 56 to 59.

Full details of Directors' remuneration can be found in the Remuneration Report on pages 58.

NOMINATION COMMITTEE

Members of the Nomination Committee during the Year were:

Keith Hellawell	(Chairman)
Simon Bentley	
Dave Singleton	
Charles McCreevy	

The Nomination Committee will meet at least once a year and will also meet when appropriate. The Committee met on one occasion during the Year. All of the Nomination Committee members are Non-Executive Directors and considered independent.

Responsibilities:

- 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.
- 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 Board has established a Nomination Committee to ensure a formal, rigorous and transparent procedure for the appointment of new Directors to the Board.

The Nomination Committee also determines succession plans for the Chairman and the Chief Executive who are not present at meetings when the matter is discussed. Succession plans are reviewed by the Nomination Committee at least once a year.

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

The Board currently believes that the Board and its Committees as currently constituted are working well.

CODE OF SECURITIES DEALING

The Company has a code of securities dealing 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.

GOING CONCERN

As highlighted in note 23 to the Financial Statements and in the Financial Review on pages 66 to 111, 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 previous facility with the Bank of Scotland and an on-going facility with a syndicate of banks led by HSBC. 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.

RELATIONS WITH SHAREHOLDERS

The Board recognise the importance of communicating with shareholders. This is done through the Annual Report and financial statements, interim statements and trading updates. All Directors are available at the Annual General Meeting where shareholders can ask questions.

The Chairman, Chief Executive and Finance Director regularly meet with the Company's institutional shareholders to discuss the Group's strategy and financial performance within the constraints of information already available to the public. The Senior Independent Non-Executive Director is also available to meet with shareholders.

Keith Hellawell, Claire Jenkins and Simon Bentley met with shareholders and institutions to discuss various topics throughout the year.

The Company's website is an important method of communication and it holds all material information reported to the London Stock Exchange together with copies of financial reports, interim management statements and trading updates.

REMUNERATION

The Remuneration Committee is responsible for determining and reviewing remuneration policy and setting remuneration levels. See Remuneration Report on pages 56 to 59.

SHARE DEALING CODE

The Group has adopted the Model Code as published in the UK Listing Rules.

Anyone deemed to have 'insider information' must seek consent before dealing in the Group's shares.

The Executive Directors require the consent of the Chairman or the Senior Independent Director and the Chairman requires consent from the Chief Executive and the Senior Independent Director. Any other employees with 'insider information' must gain the consent of the Chief Executive or Company Secretary.

By Order of the Board

Rebecca Tylee-Birdsall
Company Secretary
19 July 2012

DIRECTORS' REMUNERATION REPORT

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 Corporate Governance Code.

THE REMUNERATION COMMITTEE

The Remuneration Committee
Simon Bentley, Dave Singleton, Charles McCreevy and Claire Jenkins are Independent Non-Executive Directors, Keith Hellawell is the Non-Executive Chairman.

The role and main responsibilities of the Committee are detailed in the Corporate Governance Report on page 54.

Attendance at the meetings held during the year is detailed on page 52.

Advisers
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 aim of the Group is to achieve long-term success and increase shareholder value. This is underpinned by the main principles of the Remuneration Committee to ensure policies and practices are in place to encourage performance, which will in turn help achieve this success.

The Committee has endorsed the provisions of Section D of the UK Corporate Governance Code, and has had those provisions in mind when determining remuneration policies for the past, current and future years.

The retail environment is highly competitive, so the Committee ensures 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.

The remuneration policy for Executive Directors is highly performance-based, which encourages the growth and long-term success of the Group, and is paid in shares.

Basic salaries have been set at a level well below the lower quartile for a business of the size and complexity of the Group and have remained the same since 2002. During the Year the performance related elements of the remuneration packages consisted of participation in the Executive Bonus Share Scheme (full details are on page 57).

Mike Ashley does not receive a salary for his role nor has he received a bonus.

The Committee consults major shareholders and representative groups where appropriate concerning remuneration matters.

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.

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 and the creation of new incentive schemes in order to create a sense of common purpose and sharing of success. The Executive Bonus Share Scheme performance targets mirror those to be applied to awards under the Bonus Share Scheme, which will apply to all UK permanent employees of the Group in UK Retail, Brands and Head Office on the same basis.

The Committee is mindful that any bonus arrangements are balanced against delivering sustainable growth in earnings for shareholders.

The Committee's remuneration policy in respect of the Non-Executive Directors is to pay annual fees which reflect the responsibilities and duties placed upon them, while also having regard to market practice.

Basic salary
Basic salaries are reviewed annually. The Committee decided again not to alter Executive Directors' salaries in the review in July 2011. Executive Directors' salaries have now been at the same level since 2002.

The basic salaries of Executive Directors at the Year end and at 19 July 2012 (the latest practicable date before the printing of this report) were as shown below:

At 29 April 2012 and 19 July 2012

	19 July 2012	At 29 April 2012
Mike Ashley	-	-
Dave Forsey	£150,000	£150,000
Bob Mellors	£150,000	£150,000

Annual Bonus Scheme
The Committee has determined that no Annual Bonus Scheme will be operated for Executive Directors while the Executive Bonus Share Scheme is being operated.

Executive Bonus Share Scheme
The Executive Bonus Share Scheme was approved at the Company's Annual General Meeting in September 2010 to motivate and help improve the retention of the Executives and to drive Underlying Group EBITDA in line with Group strategy.

Subject to continued employment, each Executive and two members of Senior Management will receive one million shares each in the Company in January 2014 as the Company has attained the following targets:

Underlying EBITDA of £195m (Net of the cost of the scheme) in 2010-2011; and

Underlying EBITDA / Net Debt ratio of 2 or less at the end of 2010-11.

The Executive Bonus Share Scheme will operate again in 2011. Each Executive and two members of Senior Management will be granted an award of one million shares each which will vest if the Company attains all the following targets:

Underlying EBITDA of £215m in 2012

Underlying EBITDA of £250m in 2013

Underlying EBITDA of £260m in 2014

Underlying EBITDA of £300m in 2015

Individual satisfactory employment performance

The bonus will vest in 2017 subject to continuous employment to this date. The targets and vest dates are in line with the Employee Bonus Share Scheme.

2012 Super Stretch Executive Bonus Share Scheme for Mike Ashley
The Company is seeking shareholder approval at its 2012 AGM for a Super Stretch Share Scheme for the benefit of Mike Ashley. As Executive Deputy Chairman, Mike receives no remuneration for his substantial contribution to the business and does not participate in the above Executive Bonus Share Scheme.

The full details of the proposed scheme are contained with the AGM notice.

If given approval Mike will be given the option to acquire eight million shares in the Company at no cost, if all four "Super Stretch Targets" are met.

Financial Year	Adjusted Underlying EBITDA
2013	£270 million
2014	£290 million
2015	£340 million
2015	Net Debt Ratio 1.5x or less

Subject to the satisfaction of the above targets the bonus will vest in 2018 subject to continuous employment to that date.

In respect of each relevant year, the Committee will adjust reported underlying Group EBITDA 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 39 and is not at constant foreign currency exchange rates.

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 in full following such an event to the extent the performance conditions have been met. If the performance conditions have not been met the awards will lapse.

Independent shareholders accounting for over 12% of the Company's shares (more than 43% of the shares not controlled by Mike Ashley), as at 19 July 2012, have confirmed to the Independent Directors that they support the 2012 Super Stretch Executive Bonus Share Scheme and intend to vote in favour of this resolution at the 2012 AGM.

Pension
The Executive Directors are entitled to participate in a stakeholder pension scheme under which the Company makes no contribution.

Share ownership policy
The Board believes it is important that Executive Directors have a significant holding in the capital of the Company.

In order to participate in the Executive Bonus Share Scheme, the Executive Directors will be required to maintain a minimum level of shareholding in the Company equivalent to one year's salary while they remain employed by the Company.

Service contracts
All Executive Directors are employed on a rolling 12 month contract which 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.

Details of the letters of appointment are set out below:

	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

DIRECTORS' REMUNERATION REPORT

THE REMUNERATION COMMITTEE Continued

Non-Executive directorships
The Non-Executive Directors enter into an agreement with the Group for a period of three years. The appointments of the Non-Executive Directors may be terminated by either party on one month's written notice and in accordance with the Articles of Association of the Company. Termination would be immediate in certain circumstances (including the bankruptcy of the Non-Executive Director).

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.

Fees for Non-Executive Directors are set out on pages 59.

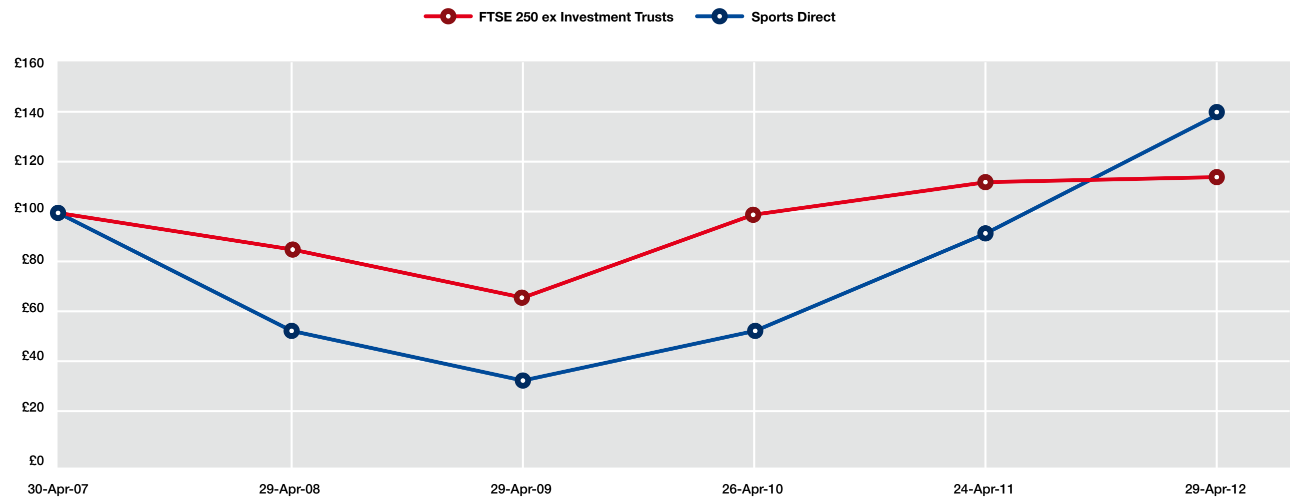
Details of the letters of appointment are set out below:

	Position	Annual fee £'000	Date of letter of appointment
Keith Hellawell	Non-Executive Chairman	155	24/11/2009
Simon Bentley	Non-Executive Director	50	31/03/2011
Dave Singleton	Non-Executive Director	50	31/03/2011
Charles McCreevy	Non-Executive Director	50	31/03/2011
Claire Jenkins	Non-Executive Director	50	25/05/2011

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.

Historic Total Shareholder Return



Auditor's report
The auditors are required to report on the information contained in the following section of this report, other than in respect of Non-Executive Directors' shareholding.

Directors' remuneration 2012
The following pages set out an analysis of Directors' emoluments and annual bonus, entitlements under the Executive Bonus Share Scheme 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 Executive Bonus Share Scheme and in respect of pensions) for the 53 weeks to 29 April 2012 (the Year) is set out below:

	Salaries & Fees (£'000)	Bonus (£'000)	Other benefits (£'000)	Total (£'000)	Total 2011 (£'000)
Mike Ashley	-	-	-	-	-
Simon Bentley	50	-	-	50	50
Dave Forsey	150	-	-	150	150
Keith Hellawell	155	-	122 (1)	277	207
Bob Mellors	150	-	-	150	150
Dave Singleton	50	-	-	50	50
Charles McCreevy	50	-	-	50	13
Claire Jenkins	47	-	-	47 (2)	- (2)

(1) Chairman's Option (see below)
(2) Claire Jenkins joined the Board on 25 May 2011 (after 2011 financial year end).

The aggregate of Directors' emoluments in the Year was £774,000 (2011: £633,049).

Chairman's Option

As part of his fee, Keith Hellawell is entitled each year to exercise an option to acquire 50,000 shares for £0.10 per share. Dr Hellawell exercised an option on 15 July 2011 when the market value of a share in the company was 254.5p.

Shares under option at 25 April 2011	Shares under option at 29 April 2012	Shares subject to options granted during year	Shares subject to options exercised during year	Exercise price per share	Exercise period for the option: 25 April 2011 to 29 April 2012
0	0	50,000	50,000	£0.10	The option was exercised on 15 July 2011

Annual Bonus Scheme

There is currently no annual bonus scheme in place.

Directors' shareholdings

The beneficial interests of the Directors in office on 29 April 2012 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 24 April 2011	Ordinary Shares 29 April 2012
Mike Ashley	410,400,000	410,400,000
Simon Bentley	50,000	50,000
Dave Forsey	1,000,000	803,922
Keith Hellawell	50,000	130,000
Claire Jenkins	-	20,000
Charles McCreevy	-	-
Bob Mellors	1,000,000	803,922
Dave Singleton	153,621	153,621

Dave Singleton
Chairman of the Remuneration Committee
19 July 2012

DIRECTORS' RESPONSIBILITIES

and Responsibility Statement

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

DIRECTORS' RESPONSIBILITIES

Company law requires The Directors to prepare financial statements for each financial year. 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 concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate 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 each of The Directors is 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 our 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.

On behalf of the Board

Dave Forsey
Chief Executive

Bob Mellors
Group Finance Director

19 July 2012

CORPORATE RESPONSIBILITY REPORT

Meeting stakeholder needs and expectations is very important in the success of the Group. This includes: customers, employees, shareholders, suppliers and the communities in which the Group operates.

A formal Corporate Responsibility policy was adopted and the Board is committed to applying and developing this policy at every level of the business.

As with previous years, the Group continued to focus on five key areas of Corporate Responsibility: Employees, Health and Safety, Customers, the Environment and the Community. 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 on Page 19. 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.

EMPLOYEES

As the business continues to grow it is the skill and enthusiasm of our c.19,000 employees that are the key to its success.

In the UK, 94.0% of our employees work in our stores and in store management. 6.7% of the UK workforce work at our Shirebrook campus, of which 4.4% work in our National Distribution Centre, and 2.3% in the Group Head Office, Finance, Buying, Brands, Retail and IT departments. Of our UK Workforce, 55% are male and 45% female. Employee retention is one of our key KPIs. This Year 17.5% of our UK employees left the business; the vast majority of them were employed on a part-time.

Employee retention is extremely important to retain expertise and as a measure of employee satisfaction. The Board receives a monthly report on the turnover of employees.

Employees are rewarded with fair salaries together with the opportunity to earn additional pay in the form of bonuses. Rates of pay are monitored against national statistics on an annual basis.

We believe that performance-based rewards are beneficial to the success of the business and encourage greater employee involvement. This policy starts with the Executive Directors and flows down to all levels of the business.

Following on from the success of the 2009 Bonus Share Scheme, the Group has launched the 2011 Bonus Share Scheme.

If the Group attains the EBITDA targets (detailed in the table below) and employees' performance is deemed to be satisfactory, eligible employees will receive Sports Direct shares.

Criteria to satisfy 2011 bonus scheme:

- Underlying EBITDA of £215m in 2012
- Underlying EBITDA of £250m in 2013
- Underlying EBITDA of £260m in 2014
- Underlying EBITDA of £300m in 2015
- Individual satisfactory employment performance

A pot of 30 million shares will be distributed between eligible employees. Shares will vest as to 25% of an employee's allocation in 2015 and 75% in 2017. There will be the opportunity for employees to receive a further award under the Scheme which will vest in 2019.

There is a Staff Forum established at Head Office in Shirebrook. The Forum consists of elected representatives from all departments and management representatives. The Forum takes place on a monthly basis and covers topics ranging from pay, holidays, hours, 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.

There is a tailored employee handbook for each department. Roll-out began in 2011 and this will be completed in 2013.

CORPORATE RESPONSIBILITY REPORT

EMPLOYEES Continued

Training and development of employees is of great importance as it develops the skills of employees and helps increase efficiency.

During 2011/12 the Staff Training and Development Department continued to use the Training Centre to provide state-of-the-art facilities for the Group's employees to flourish into champions. The objective of this is to give every member of our team the opportunity to be inspired, stimulated, motivated, and empowered to do a better job.

State-of-the-art training facilities now available on the Shirebrook campus include:

- Four specialised training environments
  - Running
  - Football
  - Women's
  - SKU (Sports Knowledge Underground)
- 30 specialist Nike training days (SKU) have taken place since August 2010. During 2011/2012, 13 days have taken place.
- 252 employees have now progressed to graduate level, 153 specifically in 2011/2012.
- 64 graduates have also attended a bespoke post-graduate training day hosted by specialists in the fields of Running and Football.

Sports Direct is the World Number One Nike trainer in terms of percentage completion for a multiple door retailer. All salaried staff are currently on an average of 92% completion. 100% completion represents a 15 hour investment of their time to learn about Nike product, Nike technology and how best to sell it. Sports Direct also has access to the SKU app for any Apple hardware such as i-Phones / i-Pads, and 25% of Sports Direct completion rate on SKU is via these devices.

The Group works with adidas and Puma to compile robust training programmes to support in-store initiatives and products. In August 2012, 200 people will attend the adidas session and in October 2012, 150 people will attend the Puma session. Dates coincide with the product releases for the Olympics and European Football Championship.

New managers and existing managers attend a two-week residential induction programme at Shirebrook. The programme covers a mixture of shop floor-based training and classroom centred activities. Typical subjects covered include merchandising, administration, delivery process, health and safety, shop closure process, product training, and retail business skills.

- 251 managers attended induction training during the Year.

A five-day residential course was introduced with the specific aim to encourage existing employees to progress to management positions.

- 25 employees have attended since August 2011.

Managers responsible for the footwear department in their branch have been trained over 14 courses. The Footwear Masterclass is a three-day residential course focusing on one of the key categories. Typical subjects covered would include merchandising, staff efficiency, best practice, health and safety, policies and procedures.

- 53 in the Year.

Training has extended to include our European teams between 2011 and 2012. So far 23 managers have attended a two-week residential training programme in the UK, comprising teams from France, Portugal, Holland, Belgium, Iceland and Hungary.

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 updates on incidents from the Head of Retail Operations on these matters.

There were no environmental prosecutions or work-related fatalities in the business during FY12. During the Year, 1,711 (2011: 1,689) accidents across the Group were reported to Head Office, and of these, 65 (2011:59) were reportable to the Health and Safety Executive. 77% of accidents occurred within the stores and 25% were slips, trips and falls that occurred within the stores. The increase in accident figures has coincided with an increase in the store portfolio. The continued emphasis on health and safety training within the business has improved awareness of reporting procedures and recording of incidents under health and safety legislation.

The stores have an electronic reminder system implemented. This ensures that amongst other things health and safety checks are carried out before the store can physically close at the end of the working day. This will, again, increase the profile of health and safety while improving the recording of such checks and procedures.

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, and the Group is committed to maintaining these standards.

ENVIRONMENT

The Group is aware that its operations have an impact on the environment and tries to reduce any negative impact while working towards compliance with the Government's Carbon Reduction Commitment. Building upon investigations in previous years we have identified property (in particular energy usage in our stores), transport and waste management at both Shirebrook and in-store as areas where we can make a difference.

This year we were placed in 56th position in the CRC Energy Efficiency scheme league table, ahead of retailers such as M&S, Tesco, Morrison's, JJB, Debenhams, Sainsbury's and John Lewis.

CARBON FOOTPRINT ANALYSIS

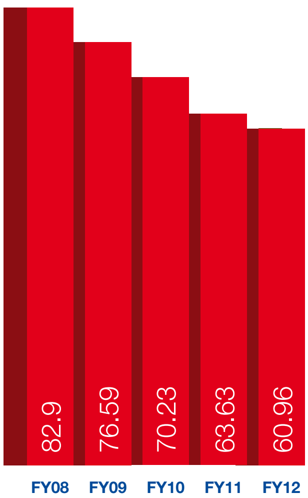
The single most significant element of the carbon footprint of the Group is the usage of electricity. Electricity usage contributes approximately 98% of the footprint.

During the year the Group has made further investments and continued to trial even more energy efficient solutions, using internal benchmarks to identify opportunities to improve, and rolling out proven technologies.

Smart meters now actively monitor and report 98% of the energy used in our UK store portfolio.

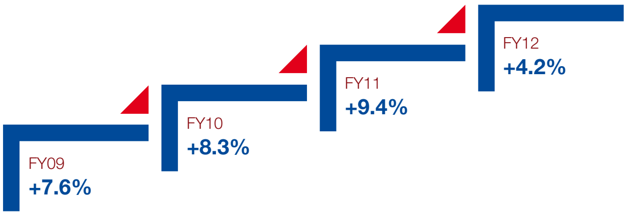
This has contributed to a pro rata saving across the largest 336 like-for-like stores of 4.2%. This saved the equivalent of 1,890 tonnes of CO_2. (Last year's saving was 3,635 tonnes.)

kWh per '000 sq. ft



The Group set its energy efficiency benchmarks against the FY08 year: when compared with the base year of FY08 the total reduction in energy usage across similar stores is 26.5%.

Annual savings since the FY08 base year



The emphasis continues to be on good housekeeping, supported with targeted investment to ensure that high standards are maintained. Energy consumption reduction continues to be a key performance measurement.

During the Year, the Group has worked with its largest waste contractor covering the majority of the UK stores. This work led to the diversion of the residual waste to a materials recovery facility. As a result there is a much higher level of waste stream segregation thereby minimising the amount of waste going to landfill.

Where possible we recycle electrical waste, ink toners, redundant IT equipment and light bulbs. This Year we recycled 5,546 (2011:5,546) units of electrical equipment.

During the Year 55 tonnes of waste paper (2011: 26 tonnes), 6,622 tonnes of cardboard (2011: 6,237 tonnes), 127 tonnes of metal (2011: 116 tonnes) and 453 tonnes of plastic (2011: 488 tonnes) were recycled.

The Group has always kept its transit packaging to a minimum by the use of metal roll cages. Where it is necessary to send transit packaging to shops (e.g. to ensure cleanliness of clothing), it is returned to the centre for re-use or recycling as appropriate. Our fleet of trucks haul recyclable cardboard and polythene from the stores back to the Head Office where it is separated into recycling streams.

As reported last year, all stores now use biodegradable carrier bags and provide the option of a Bag for Life. During the Year, the Group has raised the profile of the Bag for Life, actively promoting the use of the bag with high levels of employee engagement.

Our aims for the coming years are to further improve energy efficiency across the stores and to continue to minimise waste.

CORPORATE RESPONSIBILITY REPORT

COMMUNITY

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 ensuring products are made in a safe environment, in accordance with all the relevant local and national laws to ensure workers are treated with respect and are paid fairly for what they do. It also ensures there is no child labour 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, it benefits the business and the communities in which they operate more effectively than 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, the BSCI Code of Conduct (which is based upon the United Nations Universal Declaration of Human Rights), ISO9001 and the Social Accountability 8000 (SA8000) Code.

The Group relies on those supply chain companies to inspect all suppliers and manufacturers premises.

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. We immediately cease work with suppliers who do not meet our criteria.

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.

Slazenger is the exclusive cricket equipment supplier to the country's most recognised grassroots cricket development programme, 'Chance to Shine' supported by Brit Insurance. It is run by the Cricket Foundation charity and delivers individual projects across England and Wales. The projects provide structured coaching alongside a competition programme for a Group of schools that would not normally have the chance to participate in the sport. In 2011, 'Chance to Shine' in its 6th year delivered qualified coaching sessions throughout 3,807 schools with 12,532 new club members achieved. Subject to funding, the programme will reach one third of all primary and secondary schools and support two million young people by 2015.

To date, over 1 million children have benefited from the programme, 45 percent of whom were girls. Cricket equipment to the value of £250,000 has been supplied by Slazenger to enable the programme to run successfully.

Over 1,000 children worldwide are continuing to benefit from Dunlop's global "D Squad" talent support programme which continues to increase participation and performance levels of the most talented juniors in tennis from around the world.

Dunlop also work in conjunction with its sponsored professional golfers Lee Westwood and Darren Clarke to supply clothing to their respective 'Golf Schools', which provide qualified coaching and mentoring to youngsters from across the UK. Over £15,000 worth of clothing has been donated to the schemes so far.

In the United States, Everlast, one of the Group's specialist fight sports brands, supports numerous initiatives. Everlast is the official sponsor of USA Boxing, which is are the national governing body of amateur Olympic-style boxing. Each year Everlast supplies the not-for-profit organisation with training and competition apparel, footwear and equipment. Everlast contributed $280,000 to support the men and women's teams that competed in the 2012 Olympic Games in London.

Additionally, in 2012 Everlast will continue to support the New York Golden Gloves, the most prestigious grassroots boxing competition in the US. Each year Everlast supply over $20,000 worth of apparel, footwear and equipment to the 900 amateur men and women boxers who participate.

Everlast is also a major supporter of the Dr. Theodore A. Atlas Foundation, a non-profit organisation that provides financial support to those in need, particularly children. In 2011, Everlast made charitable contributions of $14,000 and was present at the annual Atlas golf outing and the Atlas Foundation dinner.

Everlast has been a proud supporter of The Breast Cancer Research Foundation® (BCRF) since 2006. Each year, Everlast donates a proportion of sale proceeds from select Everlast pink products to help the foundation raise money for clinical and genetic research. In 2011, Everlast donated $115,000, the largest donation to date.

Antigua golf apparel was once again appointed the official apparel sponsor for all staff and officials of the prestigious Sime Darby LPGA 2011 Malaysia tournament, due to its solid reputation in quality and performance. Antigua is retailing at all 42 MST GOLF retail outlets nationwide and a percentage of all apparel sales were donated to the Cancer Research Initiatives Research Foundation (CARIF) and Breast Cancer Welfare Association of Malaysia (BCWA), under MST Golf Breast Cancer Awareness Campaign. MST Golf donated over RM 100,000 (U$35,000) in the first year alone, to be shared by both foundations from sales proceeds of Antigua apparel. Being an ardent supporter of this worthy cause, MST Golf has decided to extend its Breast Cancer Awareness Campaign for another year until next year's event in October. By taking a proactive stand, the company intends to work closer with CARIF and BCWA in 2012 with activities such as seminars and in-store campaigns to educate the public, in hope of reducing mortality rate through better knowledge and early detection.

OFFICIAL T-SHIRT RETAILER FOR SPORT RELIEF

The Group designed, manufactured and retailed the official mens', ladies' and children's T-shirts for Sport Relief 2012. We designed three limited-edition styles, all 100% Fairtrade cotton, and offered the option to personalise these in-store with participants' names and numbers. The Group helped Sport Relief achieve their most successful year to date, adding over £1m to the fundraising total.

The world of sports and fashion lined up to help launch and model the T-shirts, including household names such as Olly Murs, Amy Childs, John McEnroe, Darren Bent and Stacey Solomon.

The Group is proud to promote participation in a wide range of sporting activities through Sport Relief, particularly for children who would not usually have access to the expertise or the equipment required.

SPORT RELIEF 2012 Go the extra mile

OVER
£1MILLION
RAISED

FINANCIAL STATEMENTS

CONTENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC

We have audited the group financial statements of Sports Direct International plc for the 53 week period ended 29 April 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the 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 and express an opinion on 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 website at www.frc.org.uk/apb/scope/private.cfm.

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 29 April 2012 and of its profit for the 53 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 financial year for which the group financial statements are prepared is consistent with the group financial statements; and
- the information given in the Corporate Governance Statement set out on pages 50 to 55 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

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

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

- 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; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules, we are required to review:

- the directors' statement 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 UK Corporate Governance Code 2010 specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter
We have reported separately on the parent company financial statements of Sports Direct International plc for the 53 week period ended 29 April 2012 and on the information in the Directors' Remuneration Report that is described as having been audited.

Paul Etherington BSc FCA CF
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
19 July 2012

CONSOLIDATED INCOME STATEMENT

For the 53 weeks ended 29 April 2012

	Note	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Revenue	1,4	**1,835,756**	**1,599,237**
Cost of sales		(1,091,480)	(940,330)
Gross profit		**744,276**	**658,907**
Selling, distribution and administrative expenses		(596,383)	(527,273)
Other operating income	5	5,283	5,289
Exceptional items	6	5,619	(2,252)
Operating profit	4, 7	**158,795**	**134,671**
Other investment (costs) / income	9	(5,800)	(9,481)
Finance income	10	6,426	2,560
Finance costs	11	(8,481)	(8,953)
Share of (loss) / profit of associated undertakings and joint ventures	16	558	(8)
Profit before taxation		**151,498**	**118,789**
Taxation	12	(45,867)	(35,566)
Profit for the period	4	**105,631**	**83,223**
Attributable to equity holders of the Group		106,198	84,173
Attributable to non-controlling interests		(567)	(950)
Profit for the period	4	**105,631**	**83,223**

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

Basic earnings per share	13	**18.68**	**14.80**
Diluted earnings per share	13	**16.70**	**13.93**
Underlying Basic earnings per share	13	**19.19**	**16.83**

The Consolidated Income Statement has been prepared on the basis that all operations are continuing.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 53 weeks ended 29 April 2012

	Note	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Profit for the period	4	**105,631**	**83,223**
Other comprehensive income			
Exchange differences on translation of foreign operations		(2,301)	(7,665)
Exchange differences on hedged contracts - recognised in the period	27	(1,305)	(4,801)
Exchange differences on hedged contracts - reclassifiied and reported in net profit	27	8,086	(13,100)
Actuarial (losses) / gains on defined benefit pension schemes	24	(5,501)	2,077
Fair value adjustment in respect of available-for-sale financial assets	17	(6,986)	1,531
Transfer of historic losses on available-for-sale financial assets	17	7,146	-
Taxation on items recognised in other comprehensive income	25	1,483	4,276
Total comprehensive income for the period		**106,253**	**65,541**
Attributable to equity holders of the Group		106,820	66,491
Attributable to non-controlling interest		(567)	(950)
		106,253	**65,541**

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

CONSOLIDATED BALANCE SHEET

As at 29 April 2012

	Note	29 April 2012 (£'000)	24 April 2011 (£'000)
ASSETS			
Non-current assets			
Property, plant and equipment	14	313,023	236,097
Intangible assets	15	225,150	205,050
Investments in associated undertakings and joint ventures	16	29,470	38,347
Available-for-sale financial assets	17	46,634	53,097
Deferred tax assets	25	32,625	13,443
		646,902	**546,304**
Current assets			
Inventories	18	316,800	217,938
Trade and other receivables	19	83,877	91,705
Derivative financial assets	27	5,926	-
Cash and cash equivalents	20	78,674	60,513
		485,277	**370,156**
TOTAL ASSETS		**1,132,179**	**916,190**
EQUITY AND LIABILITIES			
Share capital	21	64,060	64,055
Share premium		874,300	874,300
Treasury shares reserve		(55,839)	(85,088)
Permanent contribution to capital		50	50
Capital redemption reserve		8,005	8,005
Foreign currency translation reserve		25,962	28,263
Reverse combination reserve		(987,312)	(987,312)
Own share reserve		(57,684)	(6,094)
Hedging reserve		417	(6,364)
Retained earnings		600,431	440,931
		472,390	330,746
Non-controlling interests		(505)	389
Total equity		**471,885**	**331,135**
Non-current liabilities			
Borrowings	23	214,587	196,182
Retirement benefit obligations	24	19,318	16,186
Deferred tax liabilities	25	25,789	28,238
Provisions	26	62,889	58,277
		322,583	**298,883**
Current liabilities			
Derivative financial liabilities	27	1,570	5,984
Trade and other payables	28	282,819	234,851
Borrowings	23	9,303	13,219
Current tax liabilities		44,019	32,118
		337,711	**286,172**
Total liabilities		**660,294**	**585,055**
TOTAL EQUITY AND LIABILITIES		**1,132,179**	**916,190**

The accompanying accounting policies and notes form part of these financial statements. The financial statements were approved by the Board on 19 July 2011 and were signed on its behalf by:

Bob Mellors
Director

CONSOLIDATED CASH FLOW STATEMENT

For the 53 weeks ended 29 April 2012

	Note	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Cash inflow from operating activities	30	**206,679**	**211,582**
Income taxes paid		(41,253)	(27,324)
Net cash inflow from operating activities		**165,426**	**184,258**
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		1,320	954
Purchase of subsidiaries, net of cash acquired		(26,214)	-
Proceeds on disposal subsidiaries		-	1,034
Purchase of intangible assets		(2,921)	(1,498)
Purchase of property, plant and equipment	14	(129,402)	(20,451)
Purchase of listed investments		(523)	-
Finance income received		590	2,560
Investment income received		1,346	3,362
Net cash outflow from investing activities		**(155,804)**	**(14,039)**
Cash flow from financing activities			
Finance costs paid		(5,955)	(7,222)
Increase in borrowings		17,126	190,899
Proceeds from share issues		5	5
Net cash inflow from financing activities		**11,176**	**183,682**
Net increase in cash and cash equivalents including overdrafts		**20,798**	**353,901**
Cash and cash equivalents including overdrafts at beginning of period		**48,637**	**(305,264)**
Cash and cash equivalents including overdrafts at the period end	**20**	**69,435**	**48,637**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 53 weeks ended 29 April 2012

	Treasury shares (£'000)	Foreign currency translation (£'000)	Own share reserve (£'000)	Retained earnings (£'000)	Other reserves (£'000)	Sub total (£'000)	Non-controlling interests (£'000)	Total (£'000)
At 25 April 2010	**(85,088)**	**40,633**	**(6,094)**	**338,251**	**(29,370)**	**258,332**	**1,383**	**259,715**
Issue of ordinary shares	-	-	-	-	5	5	-	5
Share-based payments	-	-	-	10,623	-	10,623	-	10,623
Non-controlling interests - acquisitions	-	-	-	-	-	-	(44)	(44)
Transactions with owners	**-**	**-**	**-**	**10,623**	**5**	**10,628**	**(44)**	**10,584**
Profit for the financial period	-	-	-	84,173	-	84,173	(950)	83,223
Other comprehensive income								
Cash flow hedges								
- recognised in the period	-	-	-	-	(4,801)	(4,801)	-	(4,801)
- reclassified and reported in net profit	-	-	-	-	(13,100)	(13,100)	-	(13,100)
Actuarial losses on defined benefit pension schemes	-	-	-	2,077	-	2,077	-	2,077
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	1,531	-	1,531	-	1,531
Taxation	-	-	-	4,276	-	4,276	-	4,276
Translation differences - Group	-	(12,656)	-	-	-	(12,656)	-	(12,656)
Translation differences - associates	-	286	-	-	-	286	-	286
Total comprehensive income for the period	**-**	**(12,370)**	**-**	**92,057**	**(17,901)**	**61,786**	**(950)**	**60,836**
At 24 April 2011	**(85,088)**	**28,263**	**(6,094)**	**440,931**	**(47,266)**	**330,746**	**389**	**331,135**
Issue of ordinary shares	-	-	-	-	5	5	-	5
Share-based payments	-	-	-	20,643	-	20,643	-	20,643
Deferred tax on share schemes	-	-	-	14,176	-	14,176	-	14,176
Non-controlling interests - acquisitions	-	-	-	-	-	-	(327)	(327)
Transactions with owners	**-**	**-**	**-**	**34,819**	**5**	**34,824**	**(327)**	**34,497**
Profit for the financial period	-	-	-	106,198	-	106,198	(567)	105,631
Other comprehensive income								
Market value of shares transferred to EBT	51,590	-	(51,590)	-	-	-	-	-
Difference between cost and market value of shares transferred to EBT	(22,341)	-	-	22,341	-	-	-	-
Cash flow hedges								
- recognised in the period	-	-	-	-	(1,305)	(1,305)	-	(1,305)
- reclassified and reported in net profit	-	-	-	-	8,086	8,086	-	8,086
Actuarial losses on defined benefit pension schemes	-	-	-	(5,501)	-	(5,501)	-	(5,501)
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	160	-	160	-	160
Taxation	-	-	-	1,483	-	1,483	-	1,483
Translation differences - Group	-	80	-	-	-	80	-	80
Translation differences - associates	-	(2,381)	-	-	-	(2,381)	-	(2,381)
Total comprehensive income for the period	**29,249**	**(2,301)**	**(51,590)**	**124,681**	**6,781**	**106,820**	**(567)**	**106,253**
At 29 April 2012	**(55,839)**	**25,962**	**(57,684)**	**600,431**	**(40,480)**	**472,390**	**(505)**	**471,885**

The Company holds 42,000,000 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 accompanying accounting policies and notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

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").

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 Standards Committee ("IFRSC") 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 certain 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 fair value of the consideration transferred over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of fair value of consideration transferred below the fair values of the identifiable net assets acquired is credited to the consolidated income statement in the period of acquisition. The non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets, 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 venturers 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 and joint ventures, 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
Available-for-sale investments are initially recognised at fair value. Where fair value is different to cost, this is recognised in the income statement on initial recognition. Subsequent gains and losses arising from changes in fair value are recognised in other comprehensive income through the statement of comprehensive income, until the security is disposed or de-recognised at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment in the consolidated income statement for the period. If an available-for-sale investment is determined to be impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss.

Acquisitions
For business combinations achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

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 non-controlling interest of an existing subsidiary is acquired the carrying value of the non-controlling interests in the balance sheet is eliminated. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid is recognised directly in equity.

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 of indefinite life intangibles, at least annually, or when a change in circumstances or situation indicates that those intangibles have suffered an impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

1. ACCOUNTING POLICIES Continued

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	straight line
Leasehold property	over the term of the lease	straight line
Plant and equipment	between 5% and 33% per annum	reducing balance

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 cash-generating 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.

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 and the internet, 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 is income reported on an accrual basis using the effective interest method.

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 are recognise in other comprehensive income. 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.

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 in other comprehensive income and documented in a separate component of equity.

When a foreign operation is sold, the cumulative exchange differences that have been recognised as a separate component of equity are reclassified from equity to the income statement when disposal is recognised.

In order to mitigate its exposure to certain foreign exchange risks, the Group enters into forward contracts (See Chief Executive's report and the cash flow hedging accounting policy on page 76).

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 plus transaction costs 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 include cash in hand and deposits held on call, together with other short term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 current and deferred tax assets or liabilities are recognised as a component of tax expense in the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

1. ACCOUNTING POLICIES Continued

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 other comprehensive income 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 its legal responsibility 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 and hedge accounting

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.

Derivative financial instruments are measured at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on remeasurement are immediately recognised in the income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged.

In order to qualify for hedge accounting, the Group is required to document from inception the relationship between the item being hedged and the hedging instrument. The Group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each period end to ensure that the hedge remains highly effective.

Cash flow hedging

Derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

The effective element of any gain or loss from remeasuring the derivative instrument is recognised directly in other comprehensive income to the income statement as a reclassification adjustment.

The associated cumulative gain or loss is reclassified from equity and in the same period or periods during which the hedged transaction affects the profit or loss. The classification of the effective portion when recognised in the income statement is the same as the classification of the hedged transaction. Any element of the remeasurement of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the income statement within finance income or costs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment.

Treasury Shares

The purchase price of the Group's own shares that it acquires is recognised as 'Treasury Shares' within equity. When shares are transferred out of Treasury 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, with the corresponding credit going to equity.

Non-market vesting conditions are not taken into account in determining grant date fair value. Instead, they are taken into account by adjusting the number of equity instruments to vest.

Fair value is based on the market share price on the grant date, the likelihood of meeting the vesting targets and the expected number of staff who will leave the Company prior to the vesting date. The expected staff numbers used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A share-based payment charge of £20,643,000 was recognised in selling, distribution and administrative expenses for the 53 weeks ended 29 April 2012. The key details in respect of the share scheme charges are set out in Note 21.

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 Standards Committee ("IFRSC") 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:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint arrangements (effective 1 January 2013)
- IFRS 12 Disclosures Of Interest in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)
- Annual Improvements 2009-2011 Cycle (effective 1 January 2013)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group except for the treatment of the acquisition of subsidiaries in future accounting periods.

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 and associated assets 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 tangible assets
The directors review the carrying amounts of the Group's tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. The key assumptions made in relation to the impairment review of tangible assets are set out in Note 16.

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 related cash flows 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 other intangible assets are set out in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS Continued

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 15 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 judgemental 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 24.

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 26.

Estimates and judgements 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.

Provision for costs relating to regulatory enquiries and other legal disputes
Provision has been made for legal costs incurred in the current and previous period relating to ongoing regulatory enquiries and other legal disputes.

Calculation of Bonus Share Scheme charge
A share-based payment charge is recognised in respect of share awards based on the Directors' best estimate of the number of shares that will vest. The charge is calculated based on the fair value on the grant date, which is deemed to be the date on which the entity and counterparty reached a shared understanding of the scheme. The key details in respect of the share scheme charges are set out in Note 21.

3. FINANCIAL RISK MANAGEMENT

The Group's current activities result in the following financial risks and set out below are 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 is exposed to foreign exchange risk principally via:

a. Transactional exposure from the cost of future purchases of goods for resale, where those purchases are denominated in a currency other than the functional currency of the purchasing company. Transactional exposures that could significantly impact the income statement are hedged. These exposures are hedged via forward foreign currency contracts which are designated as cash flow hedges. The notional and fair value of these contracts is shown in Note 27.

b. Net investment exposure, from the fair value of net investments outside the UK. The Group hedges its international investments via foreign currency transactions and borrowings in matching currencies.

c. Loans to non-UK subsidiaries. These are hedged via foreign currency transactions and borrowings in matching currencies, which are not formally designated as hedges, as gains and losses on hedges and hedged loans will naturally offset.

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.

4. SEGMENTAL ANALYSIS

Operating segments
The chief operating decision maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources, across each operating segment. The operating segments are Retail and Brands which are reported in a manner consistent with the internal reporting to the executive directors.

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 53 weeks ended 29 April 2012:

			Retail (£'000)	Brands (£'000)	Eliminations (£'000)	Total (£'000)
	UK total	International	Total	Total		
Sales to external customers	1,482,834	157,003	1,639,837	195,919		1,835,756
Sales to other segments	-	-	-	3,291	(3,291)	
Revenue	**1,482,834**	**157,003**	**1,639,837**	**199,210**	**(3,291)**	**1,835,756**
Gross profit	**595,338**	**68,115**	**663,453**	**80,823**	**-**	**744,276**
Operating profit before foreign exchange and exceptional items	**132,637**	**4,229**	**136,866**	**18,325**	**-**	**155,191**
Operating profit	131,297	4,029	135,326	23,469		158,795
Other investment costs						(5,800)
Finance income						6,426
Finance costs						(8,481)
Share of loss of associated undertakings and joint ventures						558
Profit before taxation						**151,498**
Taxation						**(45,867)**
Profit for the period						**105,631**

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

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

4. SEGMENTAL ANALYSIS Continued

Other segment items included in the income statement for the 53 weeks ended 29 April 2012:

	Retail (£'000)	Brands (£'000)	Total (£'000)
Depreciation	55,713	2,439	58,152
Amortisation	80	4,278	4,358
Impairment	2,473	-	2,473

Information regarding segment assets and liabilities as at 29 April 2012 and capital expenditure for the 53 weeks then ended

	Retail (£'000)	Brands (£'000)	Eliminations (£'000)	Total (£'000)
Investments in associated undertakings and joint ventures	29,277	193	-	29,470
Other assets	953,268	246,690	(97,249)	1,102,709
Total assets	**982,545**	**246,883**	**(97,249)**	**1,132,179**
Total liabilities	**(572,882)**	**(184,721)**	**97,249**	**(660,294)**
Tangible asset additions	133,759	1,327	-	135,086
Intangible asset additions	-	23,114	-	23,114
Total capital expenditure	**133,759**	**24,441**	**-**	**158,200**

Segmental information for the 52 weeks ended 24 April 2011

			Retail (£'000)	Brands (£'000)	Eliminations (£'000)	Total (£'000)
	UK total	International retail	Total	Total		
Sales to external customers	1,279,248	132,312	1,411,560	187,677	-	1,599,237
Sales to other segments	29	-	29	2,959	(2,988)	-
Revenue	**1,279,277**	**132,312**	**1,411,589**	**190,636**	**(2,988)**	**1,599,237**
Gross profit	**523,545**	**57,652**	**581,197**	**77,710**	**-**	**658,907**
Operating profit before foreign exchange and exceptional items	**113,105**	**5,618**	**118,723**	**17,856**	**-**	**136,579**
Operating profit	115,344	5,493	120,837	13,834		134,671
Other investment income						(9,481)
Finance income						2,560
Finance costs						(8,953)
Share of profits of associated undertakings and joint ventures						(8)
Profit before taxation						**118,789**
Taxation						**(35,566)**
Loss for the period						**83,223**

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 24 April 2011:

	Retail (£'000)	Brands (£'000)	Total (£'000)
Depreciation	57,635	2,311	59,946
Amortisation	476	2,274	2,750
Impairment	-	202	202

Information regarding segment assets and liabilities as at 24 April 2011 and capital expenditure for the 52 weeks then ended:

	Retail (£'000)	Brands (£'000)	Eliminations (£'000)	Total (£'000)
Investments in associated undertakings and joint ventures	31,066	7,281	-	38,347
Other assets	729,521	235,062	(86,740)	877,843
Total assets	**760,587**	**242,343**	**(86,740)**	**916,190**
Total liabilities	**(479,956)**	**(191,839)**	**86,740**	**(585,055)**
Tangible asset additions	23,453	1,026	-	24,479
Intangible asset additions	1,304	201	-	1,505
Total capital expenditure	**24,757**	**1,227**	**-**	**25,984**

Geographic information
Segmental information for the 53 weeks ended 29 April 2012:

	UK (£'000)	Non-UK (£'000)	Eliminations (£'000)	Total (£'000)
Segmental revenue from external customers	**1,528,493**	**307,263**	**-**	**1,835,756**
Total capital expenditure	**148,285**	**9,915**	**-**	**158,200**
Segmental assets	**941,162**	**288,266**	**(97,249)**	**1,132,179**

Segmental information for the 52 weeks ended 24 April 2011:

	UK (£'000)	Non-UK (£'000)	Eliminations (£'000)	Total (£'000)
Segmental revenue from external customers	**1,316,646**	**282,591**	**-**	**1,599,237**
Total capital expenditure	**14,090**	**11,894**	**-**	**25,984**
Segmental assets	**760,587**	**242,343**	**(86,740)**	**916,190**

5. OTHER OPERATING INCOME

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Rent receivable	2,731	3,300
Other	2,552	1,989
	5,283	**5,289**

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

6. EXCEPTIONAL ITEMS

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Profit on disposal of intangible asset	1,624	876
Release of provision for costs relating to regulatory enquiries	2,309	-
Provision for costs of legal dispute	-	(3,128)
Profit on disposal of leasehold property (lease surrender premium)	724	-
Profit on disposal of freehold property	962	-
	5,619	**(2,252)**

7. OPERATING PROFIT

Operating profit for the period is stated after charging / (crediting)

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Foreign exchange losses / (gains)	2,015	(344)
Depreciation of property, plant and equipment		
- Owned assets	58,152	59,946
Amortisation of intangible assets	4,358	2,750
Impairment of intangible assets	2,743	202
Operating lease rentals		
- Land and buildings	99,924	88,206
- Other	786	460

Services provided by the Group's auditor

For the 53 weeks ended 29 April 2012 the remuneration of the auditors, Grant Thornton UK LLP and associated firms, was as detailed below:

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Audit services		
Audit of the Company's and the consolidated financial statements	90	83
Non-Audit services		
Audit of subsidiary companies' financial statements	650	642
Other services relating to taxation	311	347
All other services	53	17

8. EMPLOYEE COSTS

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

	53 weeks ended 29 April 2012 (Number)	52 weeks ended 24 April 2011 (Number)
Retail stores	9,358	8,024
Distribution, administration and other	2,787	2,295
	12,145	10,319

The aggregate payroll costs of the employees, including Executive Directors, were as follows:

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Wages and salaries	169,309	148,373
Social security costs	12,588	10,000
Pension costs	677	596
	182,574	**158,969**

A share-based payment charge of £20,643,000 (2011: £10,623,000) was recognised in respect of share awards during the year.

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

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Aggregate emoluments	**774**	**633**

Further details of directors' remuneration are given in the Directors' Remuneration report on pages 56 to 59.

Details of certain key management remuneration are given in note 34.

9. OTHER INVESTMENT (COSTS) / INCOME

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Transfer of historic losses on available-for-sale financial assets (Note 17)	(7,146)	(12,170)
Dividend income from investments	1,346	2,689
	(5,800)	**(9,481)**

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

10. FINANCE INCOME

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Bank interest receivable	583	427
Other interest receivable	7	-
Expected return on pension plan assets (note 24)	2,277	2,133
Fair value adjustment to forward foreign exchange contracts (1)	3,559	-
	6,426	**2,560**

(1) The fair value adjustment to forward foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts not designated for hedge accounting from one period end to the next.

11. FINANCE COSTS

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Interest on bank loans and overdrafts	5,658	4,255
Interest on other loans and finance leases	297	403
Interest on retirement benefit obligations (Note 24)	2,526	2,564
Fair value adjustment to forward foreign exchange contracts (1)	-	1,731
	8,481	**8,953**

(1) The fair value adjustment to forward foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts not designated for hedge accounting from one period end to the next.

12. TAXATION

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Current tax	51,935	50,645
Adjustment in respect of prior periods	1,219	(8,305)
	53,154	42,340
Deferred tax (Note 25)	(7,287)	(6,774)
	45,867	**35,566**
Tax reconciliation		
Profit before taxation	**151,498**	**118,789**
Taxation at the standard rate of tax in the UK of 26% (2011: 28%)	39,839	32,261
Tax effects of:		
Expenses not deductible for tax purposes	4,108	6,817
Impact of tax losses and other short-term temporary differences not recognised in deferred tax	-	(383)
Capital loss not deductible for tax purposes	1,858	4,277
Other tax adjustments	-	398
Adjustments in respect of prior periods - Current tax	1,219	(8,305)
Adjustments in respect of prior periods - Deferred tax	(707)	501
	45,867	**35,566**

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 of the parent by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of shares, 568,591,423 (2011: 568,552,000), is adjusted to assume conversion of all dilutive potential ordinary shares under the Group's bonus share schemes, being 67,161,036 (2011: 35,528,449), to give the diluted weighted average number of shares of 635,752,459 (2011 604,080,818:).

Basic and diluted earnings per share

	53 weeks ended 29 April 2012 Basic (£'000)	53 weeks ended 29 April 2012 Diluted (£'000)	52 weeks ended 24 April 2011 Basic (£'000)	52 weeks ended 24 April 2011 Diluted (£'000)
Profit for the period	106,198	106,198	84,173	84,173
		Number in thousands		Number in thousands
Weighted average number of shares	568,591	635,752	568,552	604,081
		Pence per share		Pence per share
Earnings per share	**18.68**	**16.70**	**14.80**	**13.93**

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.

	53 weeks ended 29 April 2012 Basic (£'000)	53 weeks ended 29 April 2012 Diluted (£'000)	52 weeks ended 24 April 2011 Basic (£'000)	52 weeks ended 24 April 2011 Diluted (£'000)
Profit for the period	106,198	106,198	84,173	84,173
Post tax adjustments to profit for the period for the following exceptional items:				
Realised loss / (gain) on forward exchange contracts	1,431	1,431	(237)	(237)
Fair value adjustment to forward foreign exchange contracts	(2,527)	(2,527)	1,194	1,194
Other investment costs	7,146	7,146	8,397	8,397
Release of provision relating to regulatory enquiries	(1,639)	(1,639)	-	-
Provision for legal costs	-	-	2,158	2,158
Profit on sale of intangible assets	(1,153)	(1,153)	(604)	(604)
Profit on disposal of property	(1,197)	(1,197)	-	-
Fair value adjustments within associated undertakings	(929)	(929)	623	623
Impairment of goodwill	1,756	1,756	-	-
Underlying profit for the period	**109,086**	**109,086**	**95,704**	**95,704**
		Number in thousands		Number in thousands
Weighted average number of shares	568,591	635,752	568,552	604,081
		Pence per share		Pence per share
Underlying earnings per share	**19.19**	**17.16**	**16.83**	**15.84**

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings (£'000)	Long leasehold property (£'000)	Short leasehold property (£'000)	Plant and equipment (£'000)	Total (£'000)
Cost					
At 25 April 2010	124,368	11,328	108,899	313,222	557,817
Exchange differences	33	10	-	362	405
Acquisitions	-	-	-	4,028	4,028
Additions	1,299	194	2,967	17,785	22,245
Eliminated on disposals	(75)	-	(1,799)	(8,278)	(10,152)
At 24 April 2011	**125,625**	**11,532**	**110,067**	**327,119**	**574,343**
Exchange differences	1,179	(314)	-	(5,806)	(4,941)
Acquisitions	9	256	1,520	7,293	9,078
Additions	94,410	-	4,554	30,438	129,402
Eliminated on disposals	(1,689)	-	(2,514)	(13,092)	(17,295)
At 29 April 2012	**219,534**	**11,474**	**113,627**	**345,952**	**690,587**
Accumulated depreciation and impairment					
At 25 April 2010	(29,433)	(4,532)	(51,111)	(201,823)	(286,899)
Exchange differences	(9)	-	-	(114)	(123)
Charge for the period	(3,378)	(238)	(12,905)	(43,425)	(59,946)
Eliminated on disposals	-	-	1,799	6,923	8,722
At 24 April 2011	**(32,820)**	**(4,770)**	**(62,217)**	**(238,439)**	**(338,246)**
Exchange differences	936	57	-	5,260	6,253
Charge for the period	(2,047)	(79)	(12,698)	(43,328)	(58,152)
Accumulated on depreciation on acquisitions		(88)	(397)	(2,909)	(3,394)
Eliminated on disposals	1,247	-	1,658	13,070	15,975
At 29 April 2012	**(32,684)**	**(4,880)**	**(73,654)**	**(266,346)**	**(377,564)**
Net book amount					
At 29 April 2012	**186,850**	**6,594**	**39,973**	**79,606**	**313,023**
At 24 April 2011	**92,805**	**6,762**	**47,850**	**88,680**	**236,097**

Assets held under finance leases have a Net book amount of Nil (2011:Nil)

15. INTANGIBLE ASSETS

	Goodwill (£'000)	Trademarks and licences (£'000)	Brands (£'000)	Total (£'000)
Cost				
At 25 April 2010	126,208	30,640	80,536	237,384
Arising on business combinations	44	-	-	44
Additions through business combinations	-	7	-	7
Other additions	-	1,498	-	1,498
Disposals	(1,236)	-	-	(1,236)
Exchange adjustment	(4,283)	(2,888)	(2,197)	(9,368)
At 24 April 2011	120,733	29,257	78,339	228,329
Arising on business combinations	10,495	-	-	10,495
Additions through business combinations	-	20,193	-	20,193
Other additions	-	2,921	-	2,921
Disposals		(1,679)	(2,300)	(3,979)
Exchange adjustment	5,084	(655)	-	4,429
At 29 April 2012	**136,312**	**50,037**	**76,039**	**262,388**
Amortisation and impairment				
At 25 April 2010	(9,917)	(8,223)	(2,300)	(20,440)
Amortisation Charge	-	(2,750)	-	(2,750)
Impairment	(202)	-	-	(202)
Disposals	202	-	-	202
Exchange adjustment	-	(89)	-	(89)
At 24 April 2011	(9,917)	(11,062)	(2,300)	(23,279)
Amortisation Charge	-	(4,358)	-	(4,358)
Impairment	(2,473)	-	-	(2,473)
Disposals	-	-	2,300	2,300
Acquisitions		(7,889)	-	(7,889)
Exchange adjustment	(2,191)	652	-	(1,539)
At 29 April 2012	**(14,581)**	**(22,657)**	**-**	**(37,238)**
Net book amount				
At 29 April 2012	**121,731**	**27,380**	**76,039**	**225,150**
At 24 April 2011	**110,816**	**18,195**	**76,039**	**205,050**

Amortisation is charged to selling, distribution and administrative expenses in the Consolidated Income Statement. In the prior year the impairment charge was recognised in exceptional items in the Consolidated Income Statement.

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

	Goodwill (£'000)	Brands (£'000)
Retail	23,395	8,500
Brands	98,336	67,539
	121,731	**76,039**

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.

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

15. INTANGIBLE ASSETS Continued

Value in use calculations are based on five year management forecasts with a terminal growth rate applied thereafter, representing management's 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 29 April 2012 were as follows:

Retail and Brands (with the exception of Everlast)

- Annual sales growth for the first five years of between 0% and 7% 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 11.9%.

Everlast

- Annual sales growth of between 1% and 5% for the first five years followed by terminal sales growth of 2%, 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 11.9%.

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

A reasonably possible change in any key assumption would not cause the carrying value of any CGU to exceed its recoverable amount.

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.

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 (£'000)	Joint ventures (£'000)	Total (£'000)
At 25 April 2010	31,638	7,104	38,742
Exchange differences	286	-	286
Fair value adjustments to financial instruments	(903)	-	(903)
Share of profit / (loss)	911	(16)	895
Dividend paid	(673)	-	(673)
At 24 April 2011	**31,259**	**7,088**	**38,347**
Exchange differences	(2,381)	-	(2,381)
Additions	-	(7,054)	(7,054)
Fair value adjustments to financial instruments	1,308	-	1,308
Share of loss	(716)	(34)	(750)
At 29 April 2012	**29,470**	**-**	**29,470**

Associates
The business activity of Heatons is that of household, sporting and leisure goods retail. Heatons operates in the Republic of Ireland and Northern Ireland. The directors do not consider that they have control over the financial and operating policies of Warrnambool and so will continue to account for the Company as an associate.

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

	29 April 2012 (£'000)	24 April 2011 (£'000)
Share of non-current assets	42,971	49,777
Share of current assets	17,301	19,503
Share of non-current liabilities	(19,826)	(23,465)
Share of current liabilities	(10,976)	(14,556)
	29,470	**31,259**

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Income	84,755	89,721
Expenses	(85,950)	(88,562)
(Loss) / profit before taxation	(1,195)	1,159
Taxation	479	(248)
(Loss) / profit for the period	**(716)**	**911**

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.

As stated in the Group's accounting policies the directors review the carrying amounts of the Group's tangible assets 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.

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 these assets.

Indicators of impairment exist for certain of the freehold properties held within the Group's associate. Accordingly an impairment review has been performed in accordance with the above policy.

Value in use calculations have been prepared based on 5 year management forecasts with a terminal growth rate of 2% applied thereafter, representing management's estimate of the long-term growth rate of the sector served by these assets.

These cash flows have been discounted at a risk adjusted pre-tax weighted average cost of capital of 11.9%.

No impairment charge has been recognised as a result of the review performed.

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For the 53 weeks ended 29 April 2012

16. INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES Continued

Joint Ventures

On 25 July 2011 the Group acquired the remaining 50% of No Fear International Limited per Note 29.

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

	29 April 2012 (£'000)	24 April 2011 (£'000)
Share of non-current assets	-	5,260
Share of current assets	-	4,510
Share of non-current liabilities	-	-
Share of current liabilities	-	(2,682)
	-	**7,088**

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Income	205	2,846
Expenses	(239)	(2,937)
Loss before taxation	(34)	(91)
Taxation	-	75
Loss for the period	**(34)**	**(16)**

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	29 April 2012 (£'000)	24 April 2011 (£'000)
Available-for-sale financial assets	**46,634**	**53,097**

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:

	29 April 2012 (£'000)	24 April 2011 (£'000)
At beginning of period	53,097	51,566
Additions	523	-
Revaluation through other comprehensive income	(6,986)	1,531
At end of period	**46,634**	**53,097**

It has previously been reported that some of our strategic stakes were held by Kaupthing Singer & Friedlander (KSF) and partly financed by them. On 8 October 2008, KSF went into administration and the Group was in dispute with the administrators concerning the ownership of the shares they held. In the 2009 financial statements the Group concluded that it may not directly "control" the shares for accounting purposes and therefore treated them as having been derecognised. This derecognition resulted in the transfer of historic losses, previously recognised in the statement of comprehensive income, of £53.2m into the income statement in the year ended 26 April 2009. £47.3m of this loss was in relation to the Group's shareholding in Blacks Leisure Group Plc ("Blacks").

On 21 February 2010 the Company entered into an agreement with the administrator of KSF to acquire any rights which may be determined that they hold. On 13 May 2010 the judgment of the court proceedings which commenced on 26 April 2010 was handed down. The court determined that the Group had acquired beneficial interest in 12,153,071 ordinary shares in Blacks and 5,775,255 in JD Sports on 8 October 2008. This acquisition was reflected in the 2010 financial statements. The judgement also resulted in the Group regaining control of the shares.

The administrator of KSF appealed the decision and on 2 March 2011 the Company entered into a settlement deed with the administrator. As part of the settlement deed the Company received £5.6m in full and final settlement of the amount held in escrow and the remaining claim in the administration. In effect the shortfall between the value of the debtors and the amount received is an increase in the consideration paid to acquire the shares on 21 February 2010. In total the Group acquired 12.153m shares in Blacks with a market value of £6.6m. The Group subsequently purchased a further 5.750m shares on 25 July 2011.

On 9 January 2012 JD Sports Fashion plc announced that it had acquired the trade and assets of Blacks from its administrators. Existing shareholders did not receive any distribution from the administration and so the Group has written off the original cost of its investment in Blacks. This resulted in a transfer of historic losses, previously recognised in the statement of comprehensive income, of £7.1m into the income statement in the year.

The financial assets at 29 April 2012 relate to a strategic investment held of 11.97% in share capital.

At 29 April 2012 the Group had no investments in excess of 20% of share capital.

18. INVENTORIES

	29 April 2012 (£'000)	24 April 2011 (£'000)
Raw materials	4,103	3,290
Work in progress	864	653
Goods for resale	311,833	213,995
	316,800	**217,938**

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

	29 April 2012 (£'000)	24 April 2011 (£'000)
Cost of inventories recognised as an expense	**1,088,381**	**938,131**

19. TRADE AND OTHER RECEIVABLES

	29 April 2012 (£'000)	24 April 2011 (£'000)
Trade receivables	44,122	47,594
Amounts owed by related undertakings	445	2,095
Other debtors	9,405	4,173
Prepayments	29,905	37,843
	83,877	**91,705**

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, plus any cash balances.

Ageing of trade receivables:

	29 April 2012 (£'000)	24 April 2011 (£'000)
Current	31,414	36,103
0-30 days past due	7,318	4,749
30-60 days past due	2,224	1,851
60-90 days past due	466	1,242
Over 90 days past due	2,700	3,649
	44,122	**47,594**

The credit quality of assets neither past due nor impaired is considered to be good.

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

19. TRADE AND OTHER RECEIVABLES Continued

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

	29 April 2012 (£'000)	24 April 2011 (£'000)
Opening position	4,683	3,636
Amounts charged to the income statement	2,174	1,401
Amounts written off as uncollectible	(644)	(354)
Amounts recovered during the year	(2,152)	-
Closing position	**4,061**	**4,683**

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.

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

20. CASH AND CASH EQUIVALENTS

	29 April 2012 (£'000)	24 April 2011 (£'000)
Cash in bank and in hand - Sterling	59,679	39,006
Cash in bank and in hand - US dollars	7,777	6,343
Cash in bank and in hand - Euros	10,912	14,007
Cash in bank and in hand - other	306	1,157
	78,674	60,513
Bank overdraft (Note 23)	(9,239)	(11,876)
Cash and cash equivalents including overdrafts at period end	**69,435**	**48,637**

21. SHARE CAPITAL

	29 April 2012 (£'000)	24 April 2011 (£'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		
640,602,369 (2011: 640,552,369) ordinary shares of 10p each	**64,060**	**64,055**
Share Capital		
At 24 April 2011	64,055	64,050
Issue of shares	5	5
At 29 April 2012	**64,060**	**64,055**

The Group holds 42,000,000 shares in Treasury. On 24 January 2012 the Group transferred 22,000,000 ordinary shares of 10 pence each from Treasury to the Sports Direct Employee Benefit Trust, at the market value of 234.50 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.

Contingent share awards

The Executive Bonus Share Scheme
Under the terms of the Executive Bonus Share Scheme, which was approved by Shareholders on 10 September 2010 and is a Revenue approved scheme, the Board may make share awards in respect of the ordinary shares in the company. Awards may be made to Executives and Persons Discharging Managerial Responsibilities over a fixed number of shares subject to performance conditions. Further details are set out in the Remuneration Report on page 57.

An award of 4,073,036 shares was granted on 10 September 2010 at a share price of 125.5 pence and none of these shares have since lapsed. These shares will only vest if the performance conditions (continued employment) are met over the next year.

A further award of 4,000,000 shares was granted on 10 September 2010 at a share price of 125.5 pence and none of these shares have since lapsed. These shares will only vest if the performance conditions are met over the next 5 years.

The Bonus Share Scheme
Under the terms of the 2009 Bonus Share Scheme, which was approved by the shareholders on 9 September 2009, the Board may make share awards in respect of the ordinary shares in the Company to employees based on a percentage of salary and subject to performance conditions. No consideration is payable by employees in respect of these awards. Further details are set out in the Chief Executive's Review on page 28.

The first awards of 34,898,000 shares were granted on 19 November 2009 at an average price of 99.5p. At 29 April 2012 29,088,000 (24 April 2011: 31,455,413) awards were outstanding under the scheme, with the decrease in the year being attributable to leavers. These shares will only vest if the performance conditions (continued employment) are met over the next year.

The 2011 Bonus Share Scheme was approved by the Board on 10 September 2010. The first award of 30,000,000 shares were granted on 10 September 2010 at an average price of 125.5p. At 29 April 2012 the full 30,000,000 remained outstanding. These shares will only vest if the performance conditions are met over the next 5 years.

A share-based payment charge of £20,643,000 was recognised in respect of these share awards for the 53 weeks ended 29 April 2012, based on the directors' best estimate of the number of shares that will vest. The charge is calculated based on the fair value on the grant date, which is deemed to be the date on which the entity and counterparty reached a shared understanding of the scheme.

22. OTHER RESERVES

	Share capital (£'000)	Share premium (£'000)	Permanent contribution to capital (£'000)	Capital redemption reserve (£'000)	Reserve combination reserve (£'000)	Hedging reserve (£'000)	Total other reserves (£'000)
At 25 April 2010	**64,050**	**874,300**	**50**	**8,005**	**(987,312)**	**11,537**	**(29,370)**
Issue of ordinary shares	**5**	**-**	**-**	**-**	**-**	**-**	**5**
Cash flow hedges							
- recognised in the period	**-**	**-**	**-**	**-**	**-**	**(4,801)**	**(4,801)**
- reclassified and reported in net profit	**-**	**-**	**-**	**-**	**-**	**(13,100)**	**(13,100)**
At 24 April 2011	**64,055**	**874,300**	**50**	**8,005**	**(987,312)**	**(6,364)**	**(47,266)**
Issue of ordinary shares	**5**	**-**	**-**	**-**	**-**	**-**	**5**
Cash flow hedges							
- recognised in the period	**-**	**-**	**-**	**-**	**-**	**(1,305)**	**(1,305)**
- reclassified and reported in net profit	**-**	**-**	**-**	**-**	**-**	**8,086**	**8,086**
At 29 April 2012	**64,060**	**874,300**	**50**	**8,005**	**(987,312)**	**417**	**(40,480)**

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

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 occurred on 2 March 2007 and 29 March 2007 between the Company and Sports World International Limited, Brands Holdings Limited, International Brand Management Limited and CDS Holdings SA with Sports World International Limited as the acquirer.

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

23. BORROWINGS

	29 April 2012 (£'000)	24 April 2011 (£'000)
Non-current:		
Bank and other loans	213,758	194,917
Obligations under finance leases	829	1,265
	214,587	**196,182**
Current:		
Bank overdrafts	9,239	11,876
Bank and other loans	51	1,335
Obligations under finance leases	13	8
	9,303	**13,219**
Total borrowings:		
Bank overdrafts	9,239	11,876
Bank and other loans	213,809	196,252
Obligations under finance leases	842	1,273
	223,890	**209,401**

An analysis of the Group's total borrowings other than bank overdrafts is as follows:

	29 April 2012 (£'000)	24 April 2011 (£'000)
Borrowings — Sterling	178,516	157,772
Borrowings — Other	36,135	39,753
	214,651	**197,525**

Loans are all on commercial variable rates of interest ranging between 1.5% and 2.0% over the interbank rate of the country within which the borrowing entity resides.

On 7 March 2011, Sports Direct International plc and certain subsidiaries (the "Borrowers") entered into a committed revolving facility agreement with ten financial institutions, with HSBC bank PLC acting as Agent (the "Revolving Facility"). The Revolving Facility is available to any of the Borrowers and may be drawn to an aggregate limit of £220 million. It is capable of being utilised by way of cash advances and / or currency borrowings. The Revolving Facility is available until 6 March 2014. The Group 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 Revolving Facility is unsecured.

The Group continues to operate comfortably within its banking facilities and covenants.

The Group has a £50m working capital facility with Mike Ashley which can be drawn down on request. This facility was agreed at market terms at its inception.

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

Net debt at 29 April 2012 was £145.2m (24 April 2011: £148.9m).

24. 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:

	29 April 2012 (£'000)	24 April 2011 (£'000)	25 April 2010 (£'000)	26 April 2009 (£'000)	27 April 2008 (£'000)
Total fair value of plan assets	40,105	36,858	33,149	27,440	32,706
Present value of plan liabilities	(59,423)	(53,044)	(52,888)	(39,764)	(44,411)
Net plan obligations	**(19,318)**	**(16,186)**	**(19,739)**	**(12,324)**	**(11,705)**
Experience adjustments on plan liabilities	(5,539)	869	(12,645)	5,887	4,652
Experience adjustments on plan assets	38	1,208	4,461	(6,336)	(2,969)

The cumulative amount of actuarial gains and losses recognised in other comprehensive income as at 29 April 2012 was an actuarial loss of £10,701,000 (2011: actuarial loss of £5,200,000).There were no unrecognised actuarial gains or losses or past service costs as at 24 April 2011 or 29 April 2012.

Amounts recognised in the income statement are as follows:

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Current service cost	7	9
Interest on retirement benefit obligations	2,526	2,564
Expected return on plan assets	(2,277)	(2,133)
	256	**440**

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 other comprehensive income is as follows:

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Actual less expected return on assets	38	1,208
Actuarial gains / (losses) relating to plan liabilities	(5,539)	869
	(5,501)	**2,077**

The actual return on plan assets for the 53 weeks ended 29 April 2012 was a gain of £2,315,000 (2011: gain of £3,341,000).

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

24. RETIREMENT BENEFIT OBLIGATIONS Continued

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

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
At the start of the period	36,858	33,149
Expected return on plan assets	2,277	2,133
Actuarial gain	38	1,208
Employer contributions	2,559	1,865
Employee contributions	9	14
Benefits paid out	(1,636)	(1,511)
At the end of the period	**40,105**	**36,858**

The Group expects to contribute £2,559,000 to its defined benefit pension plans for the 53 weeks ended 29 April 2012.

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:

	29 April 2012 (£'000)	24 April 2011 (£'000)
Equities	20,669	22,048
Bonds	18,694	14,547
Cash and other	742	263
	40,105	**36,858**
Equities	6.25%	7.5%
Bonds	3.25%	5.0%
Cash and other	0.5%	0.5%

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:

	29 April 2012 (%)	24 April 2011 (%)
Inflation rate	3.2	3.5
Future pension increases	3.2	3.3
Discount rate	4.6	5.4

Mortality assumptions:

	29 April 2012 (£'000)	24 April 2011 (£'000)
Life expectancy at 65 at period end:		
Future pensioners – male	87.5	87.4
Future pensioners – female	89.7	89.7
Current pensioners – male	86.1	86.0
Current pensioners – female	88.2	88.1

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

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
At the start of the period	(53,044)	(52,888)
Current service cost	(7)	(9)
Interest cost	(2,526)	(2,564)
Actuarial (loss) / gain	(5,539)	869
Employee contributions	(9)	(14)
Benefits paid out	1,636	1,511
Exchange gain	66	51
At the end of the period	**(59,423)**	**(53,044)**

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

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Net liability at the start of the period	(16,186)	(19,739)
Movement in fair value of plan assets	3,247	3,709
Movements in the present value of the plan liabilities	(6,379)	(156)
Net liability at the end of the period	**(19,318)**	**(16,186)**

In addition to the amounts recognised in relation to the defined benefit retirement plans, amounts of £187,000 and £132,000 have been recognised in the income statement in the periods ended 24 April 2011 and 29 April 2012 in relation to defined contribution retirement benefit plans.

25. DEFERRED TAX ASSET AND LIABILITIES

	Accounts depreciation exceeding tax depreciation (£'000)	Tax losses recoverable (£'000)	Pension plan liabilities (£'000)	Other temporary differences (£'000)	Total (£'000)
At 25 April 2010	(6,204)	1,475	5,527	(26,643)	(25,845)
Credited / (charged) to the income statement	2,458	(575)	(395)	5,286	6,774
Credited to the statement of comprehensive income	-	-	-	4,276	4,276
Foreign exchange adjustments	-	-	-	-	-
At 24 April 2011	(3,746)	900	5,132	(17,081)	(14,795)
Credited / (charged) to the income statement	5,066	(375)	(350)	2,946	7,287
Credited to the statement of other comprehensive income	-	-	1,430	14,229	15,659
Foreign exchange adjustments	-	-	-	(1,315)	(1,315)
At 29 April 2012	**1,320**	**525**	**6,212**	**(1,221)**	**6,836**

	29 April 2012 (£'000)	24 April 2011 (£'000)
Deferred tax assets	32,625	13,443
Deferred tax liabilities	(25,789)	(28,238)
Net deferred tax balance	**6,836**	**(14,795)**

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.

Included within other temporary differences is a deferred tax asset in relation to the bonus share scheme and a deferred tax liability recognised on other intangible assets upon acquisition.

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For the 53 weeks ended 29 April 2012

26. PROVISIONS

	Dilapidations (£'000)	Onerous contracts and other property costs (£'000)	Total (£'000)
At 24 April 2011	28,021	30,256	58,277
Amounts provided	4,284	5,296	9,580
On acquisitions	1,369	4,102	5,471
Amounts utilised	-	(638)	(638)
Amounts reversed	(1,044)	(8,757)	(9,801)
At 29 April 2012	**32,630**	**30,259**	**62,889**

The dilapidations provision is the best estimate of the present value of expenditure expected to be incurred by the Group in order satisfy its obligations to restore its leasehold premises to the condition required under the lease agreements at the end of the lease discounted at 5% 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 5% per annum. The provision is expected to be utilised over the period to the end of each specific lease. Provision is also made for the strategic rationalisation of certain properties.

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

27. 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 (£'000)	Assets at fair value through profit and loss (£'000)	Available for sale financial assets (£'000)	Non-financial assets (£'000)	Total (£'000)
Assets – 2012					
Property, plant and equipment	-	-	-	313,023	313,023
Intangible assets	-	-	-	225,150	225,150
Investments in associated undertakings and joint ventures	-	-	-	29,470	29,470
Available-for-sale financial assets	-	-	46,634	-	46,634
Deferred tax assets	-	-	-	32,625	32,625
Inventories	-	-	-	316,800	316,800
Derivative financial assets	-	5,926	-	-	5,926
Trade and other receivables	53,972	-	-	29,905	83,877
Cash and cash equivalents	78,674	-	-	-	78,674
	132,646	**5,926**	**46,634**	**946,973**	**1,132,179**
Assets – 2011					
Property, plant and equipment	-	-	-	236,097	236,097
Intangible assets	-	-	-	205,050	205,050
Investments in associated undertakings and joint ventures	-	-	-	38,347	38,347
Available-for-sale financial assets	-	-	53,097	-	53,097
Deferred tax assets	-	-	-	13,443	13,443
Inventories	-	-	-	217,938	217,938
Trade and other receivables	53,862	-	-	37,843	91,705
Cash and cash equivalents	60,513	-	-	-	60,513
	114,375	**-**	**53,097**	**745,924**	**916,190**

Liabilities – 2012	Loans and payables (£'000)	Liabilities at fair value through profit and loss (£'000)	Non-financial liabilities (£'000)	Total (£'000)
Non-current borrowings	214,587	-	-	214,587
Retirement benefit obligations	-	-	19,318	19,318
Deferred tax liabilities	-	-	25,789	25,789
Provisions	-	-	62,889	62,889
Derivative financial liabilities	-	1,570	-	1,570
Trade and other payables	235,690	-	47,129	282,819
Current borrowings	9,303	-	-	9,303
Current tax liabilities	-	-	44,019	44,019
	459,580	**1,570**	**199,144**	**660,294**

Liabilities – 2011				
Non-current borrowings	194,917	-	1,265	196,182
Retirement benefit obligations	-	-	16,186	16,186
Deferred tax liabilities	-	-	28,238	28,238
Provisions	-	-	58,277	58,277
Derivative financial liabilities	-	5,984	-	5,984
Trade and other payables	184,078	-	50,773	234,851
Current borrowings	13,219	-	-	13,219
Current tax liabilities	-	-	32,118	32,118
	392,214	**5,984**	**186,857**	**585,055**

Carrying values do not materially differ from fair value.

Fair value hierarchy

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 29 April 2012, the only financial instruments were Derivative financial assets, which are classified as Level 2, and Available-for-sale financial assets, which are classified as Level 1.

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

27. FINANCIAL INSTRUMENTS Continued

(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 substantially the risk associated with foreign currency spot rates by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The Group does not hold or issue derivative financial instruments for trading purposes, however if derivatives do not qualify for hedge accounting they are accounted for as such 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:

	29 April 2012 (£'000)	24 April 2011 (£'000)
Fair value of derivative financial instruments - assets / (liabilities)	**4,356**	**(5,984)**

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

	29 April 2012 (£'000)	24 April 2011 (£'000)
US dollar purchases	371,986	320,000
Contracted rates	1.61-1.65	1.56-1.65
US dollar sales	(40,000)	-
Contracted rates	1.53-1.54	-
Euro sales	(24,678)	(33,451)
Contracted rates	1.13-1.14	1.13-1.14

At 29 April 2012 £372m of forward US dollar purchase contracts qualified for hedge accounting and the loss on fair valuation of these contracts of £6.8m has therefore been recognised in other comprehensive income. This amount is split between a loss of £1.3m recognised in the period, a gain of £5.8m reclassified and reported in net profit and a gain of £2.2m recognised in inventories.

Forward foreign currency purchase and sale contracts generally have a maturity at inception of approximately 12 months.
At 29 April 2012 £60m of purchase contracts and £3.5m of sale contracts had a maturity at inception of greater than 12 months (2011: £60 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. The income statement figures include the profit effect of any relevant derivatives which are not in a designated cash flow hedge. The impact on US dollar related hedging instruments is included in equity.

Positive figures represent an increase / (decrease) in profit or equity:

	Income statement		Equity	
	29 April 2012 (£'000)	24 April 2011 (£'000)	29 April 2012 (£'000)	24 April 2011 (£'000)
Sterling strengthens by 5%				
US dollar	810	849	(4,284)	(3,674)
Euro	(559)	(219)	(559)	(219)
Sterling weakens by 5%				
US dollar	(851)	(892)	(4,498)	3,858
Euro	587	230	587	230

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 a (decrease) / increase in profit or equity:

	Income statement		Equity	
	29 April 2012 (£'000)	24 April 2011 (£'000)	29 April 2012 (£'000)	24 April 2011 (£'000)
Interest rate increase of 0.5%	(1,119)	(1,047)	(1,119)	(1,047)
Interest rate decrease of 0.5%	1,119	1,047	1,119	1,047

(d) Liquidity risk

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

	Less than 1 year (£'000)	1 to 2 years (£'000)	2 to 5 years (£'000)	Over 5 years (£'000)	Total (£'000)
2012					
Bank loans and overdrafts	9,290	220,168	-	-	229,458
Obligations under finance leases	13	541	284	29	867
Trade and other payables	155,468	-	-	-	155,468
Derivative financial liabilities					
Cash inflows	(418,502)	-	-	-	(418,502)
Cash outflows	415,637	-	-	-	415,637
	161,906	**220,709**	**284**	**29**	**382,928**
2011					
Bank loans and overdrafts	13,211	723	198,655	314	212,903
Obligations under finance leases	8	434	435	435	1,312
Trade and other payables	184,078	-	-	-	184,078
Derivative financial liabilities					
Cash inflows	(281,721)	-	-	-	(281,721)
Cash outflows	286,446	-	-	-	286,446
	202,022	**1,157**	**199,090**	**749**	**403,018**

28. TRADE AND OTHER PAYABLES

	29 April 2012 (£'000)	24 April 2011 (£'000)
Trade payables	155,468	95,700
Amounts owed to related undertakings	-	5,112
Other taxes including social security costs	6,855	12,920
Other payables	40,274	37,853
Accruals	80,222	83,266
	282,819	**234,851**

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

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

29. ACQUISITIONS

Details of principal acquisitions for the 53 weeks ended 29 April 2012 are set out below.

i. 8 July 2011	Acquired 80% of the ordinary share capital of West Coast Capital (USC) Limited and 80% of the ordinary share capital relating to Cruise Clothing Limited. Total cash consideration was £7.5m.
ii. 25 July 2011	Acquired the remaining 50% of the ordinary shares of No Fear International Limited for a cash consideration of £6.9m, taking the cumulative holding to 100%.
iii. 17 January 2012	Acquired the remaining 20% of share capital in West Coast Capital (USC) Limited for nil consideration.
iv. 17 February 2012	Acquired 100% of the ordinary share capital of Delima Limited for nil cash consideration.
v. 16 March 2012	Acquired the Firetrap brand and certain other assets from World Design and Trade Co. Limited for total consideration of £6.5m.

The aggregate fair value of consideration paid, assets and liabilities acquired and resulting goodwill in respect of the above acquisitions is detailed below:

	Total (£'000)
Cash consideration	20,875
Less: fair value of net assets acquired	(10,380)
Goodwill	**10,495**

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.

Legal fees relating to the above acquisitions of £500,000 were expensed through the income statement during the year.

None of the acquisitions are considered to be individually material.

The asset values at acquisition are detailed below:

	Carrying values at acquisition (£'000)	Provisional fair value adjustment (£'000)	Fair value of net assets acquired (£'000)
Property, plant and equipment	8,552	(2,868)	5,684
Intangible assets	16,685	(4,381)	12,304
Inventories	18,683	-	18,683
Trade and other receivables	9,879	-	9,879
Cash and cash equivalents	(5,339)	-	(5,339)
Trade and other payables	(17,697)	-	(17,697)
Provisions	-	(5,471)	(5,471)
Minority interests	(7,663)	-	(7,663)
	23,100	**(12,720)**	**10,380**

Cash flows arising from the acquisition are as follows:

	29 April 2012 (£'000)
Cash consideration	20,875
Bank overdraft acquired	5,339
Net cash outflow in the cash flow statement	**26,214**

£77,989,000 of revenue, £11,164,000 of operating loss and £11,258,000 of loss before tax has been included within the Group's financial statements for the period in respect of the above acquired entities since the dates of acquisition.

Had the above acquisitions been included from the start of the period, £100,983,000 of revenue, £17,852,000 of operating loss and £17,946,000 of loss after tax would have been included in the Group's financial statements.

30. CASH INFLOW FROM OPERATING ACTIVITIES

	53 weeks ended 29 April 2012 (£'000)	52 weeks ended 24 April 2011 (£'000)
Profit before taxation	151,498	118,789
Net finance costs	2,055	6,393
Other investment costs	5,800	9,481
Share of loss / (profit) of associated undertakings and joint ventures	(558)	8
Operating profit	**158,795**	**134,671**
Depreciation	58,152	59,946
Amortisation	4,358	2,952
Impairment	2,473	-
Loss / (profit) on disposal of intangibles	1,679	(10)
Defined benefit pension plan current service cost	7	-
Defined benefit pension plan employer contributions	(2,559)	(1,865)
Share based payments	20,643	10,623
Operating cash inflow before changes in working capital	**243,548**	**206,317**
Decrease in receivables	17,707	10,658
Increase / (decrease) in inventories	(80,179)	865
Increase / (decrease) in payables	25,603	(6,258)
Cash inflows from operating activities	**206,679**	**211,582**

31. OPERATING LEASE ARRANGEMENTS

As at 29 April 2012 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Land and buildings	29 April 2012 (£'000)	24 April 2011 (£'000)
Within one year	77,848	76,504
In the second to fifth years inclusive	278,149	266,767
After five years	333,742	289,094
	689,639	**632,365**

The Group sub-lets certain stand-alone retail stores which are no longer operated by the Group. The property rental income earned during the 53 weeks ended 29 April 2012 was £2,730,000 (2011: £3,290,000).

As at 29 April 2012, the Group had contracts with sub-tenants for the following future minimum lease rentals:

Land and buildings	29 April 2012 (£'000)	24 April 2011 (£'000)
Within one year	4,050	2,576
In the second to fifth years inclusive	12,898	6,783
After five years	15,961	5,951
	32,909	**15,310**

NOTES TO THE FINANCIAL STATEMENTS

For the 53 weeks ended 29 April 2012

32. CAPITAL COMMITMENTS

The Group had capital commitments of £4.5 million as at 29 April 2012 (2011: £nil).

33. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets of liabilities at the balance sheet date.

34. 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 24 April 2011:

Related party	Relationship	Sales (£'000)	Purchases (£'000)	Trade and other receivables (£'000)	Trade and other payables (£'000)
Heatons	Associate	22,789	-	4,425	-
No Fear International Limited	Joint venture	-	-	5,384	(1,197)
Brasher Leisure Limited	Associate	80	(678)	25	(117)

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.

53 weeks ended 29 April 2012:

Related party	Relationship	Sales (£'000)	Purchases (£'000)	Trade and other receivables (£'000)	Trade and other payables (£'000)
Heatons	Associate	23,812	29	5,242	-
Brasher Leisure Limited	Associate	58	633	4	25

During the year Mike Ashley leased certain properties to various companies in the Group which were operated as retail and distribution premises. A commercial rent was charged in respect of these leases. On 20 April 2012 the Group acquired 32 properties from Mike Ashley for consideration of £86.8m. The Independent Directors of the Group considered the transaction to be at a fair and reasonable price and in the best interests of the Group.

Management Compensation	29 April 2012 (£'000)	24 April 2011 (£'000)
Salaries and short-term benefits	815,304	797,075
Share-based payments	1,081,460	612,904
Total	**1,896,764**	**1,409,979**

35. PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings of the Company at 29 April 2012 were as follows:

Name	Country of incorporation	Percentage of issued share capital held	Nature of business
Antigua Enterprises Inc*	USA	100	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
Cruise Clothing Limited *	Scotland	80	Fashion retail
Delima Limited *	England	100	Fashion 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
Field and Trek (UK) Limited*	England	100	Sporting and leisure goods retail
Firetrap Limited*	England	100	Fashion 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
Lillywhites Limited*	England	100	Sporting and leisure goods retail
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
Sportsdirect.com Retail 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
West Coast Capital (USC) Limited *	Scotland	100	Fashion reail

* 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.

36. 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.

37. POST BALANCE SHEET EVENTS

No material post balance sheet events occurred after 29 April 2012 to the date of this Annual Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC

We have audited the parent company financial statements of Sports Direct International plc for the 53 week period ended 29 April 2012 which comprise the parent company balance sheet and the 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the 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 and express an opinion on 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 website at www.frc.org.uk/apb/scope/private.cfm.

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 29 April 2012;
- 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 matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; 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 matter
We have reported separately on the group financial statements of Sports Direct International plc for the 53 week period ended 29 April 2012.

Paul Etherington BSc FCA CF
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
19 July 2012

COMPANY BALANCE SHEET

	Notes	2012 (£'000)	2011 (£'000)
Fixed assets			
Investments	2	1,040,282	1,000,811
Current assets			
Debtors	3	1,676	13,342
Cash at bank and in hand		63	1,090
		1,739	**14,432**
Creditors: amounts falling due within one year.	**4**	**(38,581)**	**(30,436)**
Net current liabilities		**(36,842)**	**(16,004)**
Net assets		**1,003,440**	**984,807**
Capital and reserves			
Called up share capital	5	64,060	64,055
Share premium	6	874,300	874,300
Treasury shares reserve	6	(55,839)	(85,088)
Permanent contribution to capital	6	50	50
Capital redemption reserve	6	8,005	8,005
Own share reserve	6	(57,684)	(6,094)
Profit and loss account	6	170,548	129,579
Shareholders' funds	**7**	**1,003,440**	**984,807**

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

The financial statements were approved by the Board on 19 July 2012 and were signed on its behalf by:

Bob Mellors
Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

These accounts have been prepared in accordance with applicable United Kingdom accounting standards. A summary of the material 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 after taxation for the 53 week period 29 April 2012 was £2,015,000 (2011: £1,976,000 loss).

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 more unlikely than not.

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 contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group.

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.

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. A share-based payment charge of £20,643,000 was recognised for the 53 weeks ended 29 April 2012 based on the directors' best estimate of the number of shares that will vest. £20,023,000 of this share based payment was recharged to subsidiary undertakings of the Company.

2. INVESTMENTS

	2012 (£'000)
Shares in Group undertakings:	
As at 24 April 2011	1,000,811
Additions:	
Reclassification	20,132
Capital contribution in subsidiary	20,643
Listed investment additions	523
Disposals:	
Sale of subsidiary undertaking	(1,304)
Disposal of listed investment	523
As at 29 April 2012	**1,040,282**

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 35 to the Group financial statements.

Additions represents the charge for the bonus share scheme which has been recharged to subsidiary undertakings and treated as a capital contribution. The figure for the year includes amounts relating to 2011 and 2010 which had previously been included in amounts owed to group undertakings.

3. DEBTORS

	2012 (£'000)	2012 (£'000)
Amounts owed by Group undertakings	979	787
Other debtors	41	3,845
Other taxes and social security costs	61	139
Prepayments	595	8,710
	1,676	**13,481**

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 (£'000)	2011 (£'000)
Trade creditors	156	4,556
Amounts owed to Group undertakings	38,183	15,455
Accruals	242	10,286
	38,581	**30,297**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

5. CALLED UP SHARE CAPITAL

	2012 (£'000)	2011 (£'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		
640,602,369 (2011: 640,552,369) ordinary shares of 10p each	64,060	64,055
Share capital		
At 24 April 2011	64,055	64,050
Issue of shares	5	5
At 29 April 2012	**64,060**	**64,055**

6. RESERVES

	Share premium account (£'000)	Treasury share reserve (£'000)	Permanent contribution to capital (£'000)	Capital redemption reserve (£'000)	Own share reserve (£'000)	Profit and loss account (£'000)
At 24 April 2011	874,300	(85,088)	50	8,005	(6,094)	129,579
Transfer of shares to EBT	-	51,590	-	-	(51,590)	-
Difference between original cost and market value of shares transferred to EBT	-	(22,341)	-	-	-	(22,341)
Loss for the financial period	-	-	-	-	-	(2,015)
Share based payments	-	-	-	-	-	20,643
At 29 April 2012	**874,300**	**(55,839)**	**50**	**8,005**	**(57,684)**	**170,548**

The Company holds 42,000,000 ordinary shares in Treasury.

7. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	2012 (£'000)
Opening shareholders' funds	984,807
Issue of shares	5
Loss for the financial period	(2,015)
Share based payments	20,643
Closing shareholders' funds	**1,003,440**

8. POST BALANCE SHEET EVENTS

No material post balance sheet events occurred after 29 April 2012 to the date of this Annual Report.

Sports Direct International plc Unit A, Brook Park East, Shirebrook, NG20 8RY 0845 129 9200

www.sportsdirect.com www.sports-direct-international.com

CONSOLIDATED FIVE YEAR RECORD

Unaudited income statement

	53 weeks IFRS 29 April 2012 (£'000)	52 weeks IFRS 24 April 2011 (£'000)	52 weeks IFRS 25 April 2010 (£'000)	52 weeks IFRS 26 April 2009 (£'000)	52 weeks IFRS 27 April 2008 (£'000)
Continuing operations:					
Revenue	**1,835,756**	**1,599,237**	**1,451,621**	**1,367,321**	**1,259,510**
Cost of sales	(1,091,480)	(940,330)	(862.490)	(809,685)	(709,809)
Gross profit	**744,276**	**658,907**	**589,131**	**557,636**	**549,701**
Selling, distribution and administrative expenses	(594,368)	(527,273)	(524,611)	(463,297)	(444,109)
Other operating income	3,268	5,289	3,493	4,004	4,023
Costs of admission to the London Stock Exchange	-	-	-	-	-
Past performance bonuses	-	-	-	-	-
Profit on disposal of certain retail concessions	-	-	-	-	-
Leofelis legal claim	-	-	-	-	-
Reorganisation costs	-	-	-	-	-
Regulatory enquiries	-	-	(7,800)	-	-
Legal dispute	2,309	(3,128)	(2,186)	-	-
Impairment of intangible fixed assets	-	-	-	(14,832)	-
Impairment of Freehold property	-	-	-	(15,682)	-
Profit on disposal of leasehold property	724	-	-	-	-
Profit on disposal of freehold property	962	-	-	-	-
Profit on disposal of intangible asset	1,624	876	-	-	-
Exceptional items	**5,619**	**(2,252)**	**(9,986)**	**(30,514)**	**-**
Operating profit	**158,795**	**134,671**	**58,027**	**67,829**	**109,615**
Investment (costs) / income	(5,800)	(9,481)	24,653	(51,949)	43,874
Finance income	6,426	2,560	40,150	15,927	5,370
Finance costs	(8,481)	(8,953)	(10,528)	(23,633)	(45,006)
Share of profit of associated undertakings and joint ventures	558	(8)	7,200	2,482	5,020
Profit before taxation	**151,498**	**118,789**	**119,502**	**10,656**	**118,873**
Taxation	(45,867)	(35,566)	(30,286)	(26,164)	(41,126)
Profit for the period	**105,631**	**83,223**	**89,216**	**(15,508)**	**77,747**
Equity holders of the Group	106,198	84,173	89,433	(15,838)	78,182
Non-controlling interests	(567)	(950)	(217)	330	(435)
Profit for the period	**105,631**	**83,223**	**89,216**	**(15,508)**	**77,747**

Notes to the consolidated income statement five year record:

1. All information is presented under IFRS.
2. The five year record has been prepared on the same basis as the financial statements for the 53 weeks ended 29 April 2012, as set out in Note 1, basis of preparation, of the consolidated financial statements.

SHAREHOLDER INFORMATION

Registrar and transfer office
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Company Secretary and registered office
Sports Direct International plc
Unit A, Brook Park East
Shirebrook
NG20 8RY
Telephone 0845 129 9200
Sports Direct International plc is registered in England and Wales (No. 6035106)

Solicitors
Freshfields Bruckhaus Derringer
65 Fleet Street
London
EC4Y 1HS

Brokers
Oriel Securities Limited
150 Cheapside
London
EC2V 6ET

Bank of America Merrill Lynch
2 King Edward Street
London
EC1A 1HQ

Principal Bankers
Barclays Bank plc
5 The North Colonnade
Canary Wharf
London
E14 4BB

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Auditors
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Annual General Meeting

The Annual General Meeting of the Company will be held at 3.00pm on Wednesday 5 September 2012 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.

Results
For the year to 28 April 2013:
Interim management statement: 5 September 2012
Half year results announced: 13 December 2012
Interim management statement: February 2013
Preliminary announcement of full year results: July 2013.
Annual report circulated July / August 2013

Shareholder helpline
The Sports Direct shareholder register is maintained by Computershare 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 Computershare's Sports Direct Shareholder helpline on: 0870 707 4030. Calls are charged at standard geographic rates, although network charges may vary.

Address: The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ
Website: www.computershare.com

Website
The Sports Direct website at www.sportsdirectplc.com provides news and details of the Company's activities plus information for shareholders and 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.fsa.gov.uk

If you wish to limit the amount of unsolicited mail you receive contact:

The Mailing Preference Service
DMA House
70 Margaret Street
London
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Fax: 020 7323 4226
Email: mps@dma.org.uk or register on-line at www.mpsonline.org.uk