

SPORTSDIRECT.com

ANNUAL REPORT

2014

EXCEPTIONAL QUALITY ★ UNBEATABLE VALUE

SPORTSDIRECT.COM

**SPORTS
DIRECT.COM**

Lillywhites

field & trek.com

USC

CRUISE

FLANNELS

van mildert

PULP

eybl

S SPORTLAND

**SPORTS
EXPERTS**

**DUNLOP
SPORT**

Slazenger

EVERLAST

**LONSDALE
LONDON**

karrimor

**ANTIGUA
A**

CAMPRIE

NEVE

carlton

Sondico

NEVICA

TITLE

DONNAY

MUDDYFOX

LA GEAR

SILVERFOX

USA PRO

gelert

SOVIET

Firetrap

SOULCAL & CO

FULLCIRCLE



golddigga



FABRIC

CRAFTED

MISO

WHO WE ARE

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.

We provide a full multi-channel approach to the UK and European Retail markets. Our strategy includes identifying opportunities for improvement through in-store specialist collaborations and acquisitions, developing online opportunities and leveraging the SPORTSDIRECT.com fascia.

The Group continues to enhance its store portfolio and Sports Retail now operates out of over 665 stores in the UK and internationally.



The Sports Direct International plc website is available on multiple platforms including mobile devices.

Go online at www.sportsdirectplc.com

CONTENTS

STRATEGIC REPORT

- 02 Key highlights
- 04 Sports Direct at a glance
- 06 Chairman's statement
- 07 Our business model
- 08 Strategy
- 09 Key performance indicators
- 10 Risks and uncertainties
- 13 Chief executive's report and business review
- 18 Financial review
- 20 Corporate responsibility report

GOVERNANCE

- 24 The board
- 25 Directors' report
- 27 Corporate governance report
- 33 Directors' remuneration report
- 41 Directors' responsibilities statement

FINANCIAL STATEMENTS

- 42 Independent auditor's report to the members of Sports Direct International plc
- 44 Consolidated income statement
- 45 Consolidated statement of comprehensive income
- 46 Consolidated balance sheet
- 47 Consolidated cash flow statement
- 48 Consolidated statement of changes in equity
- 49 Notes to the financial statements
- 77 Independent auditor's report to the members of Sports Direct International plc
- 78 Company balance sheet
- 79 Notes to the company financial statements
- 81 Consolidated five year record

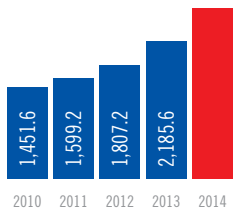
SHAREHOLDER INFORMATION

- 82 Company directory

KEY HIGHLIGHTS

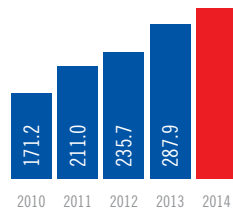
GROUP REVENUE

£2,706.0m



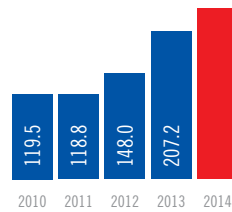
UNDERLYING EBITDA

£331.1m



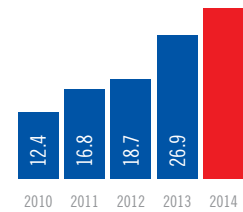
REPORTED PBT

£239.5m



UNDERLYING EPS

32.1p



- Sports Retail like-for-like stores gross contribution increased by 10.5% (FY13: 10.6%)
- Accelerated European expansion including acquisitions in Austria and the Baltic region⁽¹⁾
- Growth in online revenue of 26.8% – now representing 17.1% of all Sports Retail sales (FY13: 15.0%)⁽²⁾
- Reported profit before tax up 15.6% to £239.5m (FY13: £207.2m)
- Underlying free cash generation of £277.2m⁽³⁾
- 84 new licence agreements signed with contracted values of \$51m over the life of the agreements
- Second and final part of 2009 Employee Bonus Share Scheme vested in August 2013
- Continued investment in inventory and strategic acquisitions whilst maintaining a strong balance sheet

(1) At 27 April 2014, Sports Retail traded from 19 countries across Europe (2013: 12) including acquisitions and new store openings

(2) Excludes wholesales sales and sales in EAG and SIG. Including EAG and SIG sales, online revenue represents 15.1% of Sports Retail sales

(3) Underlying free cash generation is defined as operating cash flow before working capital, made up of underlying EBITDA (before Share Scheme costs) plus realised foreign exchange gains and losses, less corporation tax paid.

FY14 SHARE PERFORMANCE



“We have delivered another year of out-performance especially within our Sports Retail division. This success is underpinned by our core strategy, offering our customers a wide range of products which represent exceptional quality and unbeatable value.

“Through both individual hard work and operating as a team, against a particularly tough comparative which included the UEFA European Championships and the 2012 London Olympics, we have significantly out-performed the third underlying EBITDA target of £260m set under the 2011 Employee Bonus Share Scheme. This means that the Group has now successfully met the first three targets and the Board is very confident of achieving the final target of £300m under the 2011 Employee Bonus Share Scheme.

“Overall trading since the year end has been in line with management’s expectations with some stronger weeks offset by England’s disappointing World Cup matches. Consistent with previous guidance, we continue to target underlying EBITDA (before share scheme costs) of £360m for the current period.”

Dave Forsey
Chief Executive

17 July 2014



2009 Employee Bonus Share Scheme vested to c.2,000 members of our staff



The Group entered the FTSE 100



International acquisitions in Austria and the Baltic regions



Shirebrook flagship store extension complete

SPORTS DIRECT AT A GLANCE

The Group operates through three strategic business segments:
Sports Retail, Premium Lifestyle and Brands.

Sports Retail

£2,274.4m



The Group's Sports Retail 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.

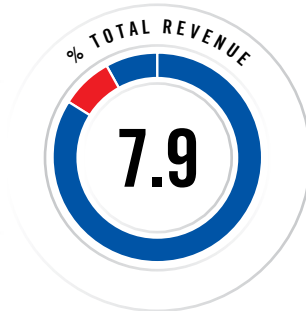
We have continued to develop our specialised in-store areas with a substantial unitary rollout for our Dunlop and Everlast brands. Our SheRunsHeRuns areas also benefited from a rollout of the Karrimor running footwear zone, featuring an integrated product information and selection panel.

As at 27 April 2014 Sports Retail operated out of 418 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.

In Europe, the Group's growth has proven unrelenting, with our products being offered via wholly-owned retail outlets, joint ventures with other retailers and stores within another retailer's store. The acquisition of Sport Eybl and Sports Experts AG (EAG), and a controlling interest in Sportland International Group (SIG) alone increased the store portfolio by 135 stores in five countries.

During the year, as part of the accelerated growth programme in our European subsidiary, we opened 10 new stores in Europe and entered two new countries, opening stores in Poland and Spain. Our strategy remains to identify partners in new territories while continuing to expand our operations in the countries where we currently trade.

Premium Lifestyle
£214.1m



Brands
£217.5m



Our Premium Lifestyle division continued to evolve and expand with the purchase of the remaining 20% of Cruise during May 2013. During the year 53 Republic stores changed to the USC fascia, more than doubling the USC portfolio to 90 stores.

The division is a premier destination for branded clothing, footwear and accessories. Catering to dedicated fashion followers and trend alert men and women throughout the UK, it is home to an extensive collection of mainstream and independent footwear and apparel brands including G Star, Diesel & Vero Moda.

Read more about the Premium Lifestyle division on page 16



The Brands division exploits Group portfolio brands by not only retailing in store, but also via wholesale, licensing and sponsorship. The variety of selling methods ensures that our brands reach a larger audience and that they obtain a far wider distribution than if they were limited to retailing within the Group.

The division has maintained its high visibility in the worldwide media through on-going sponsorship of high-profile sports personalities. Recently-added faces of our Group brands include Gemma Atkinson and Ashley Roberts.

Read more about our Brands division on page 16

CHAIRMAN'S STATEMENT

I am delighted to report the Group exceeded its targets for another year. We have maintained our position as the number one sports retailer in the UK while reinforcing our status as the Consumers' Champion, as demonstrated by our wide product range and value for money offering.

The Group's strategy of international expansion remains on course, with the acquisition of Sports Eybl and Sports Experts Group (EAG) in Austria, and Sportland International Group (SIG) in the Baltic region.

I am also pleased to confirm that the expansion of the Shirebrook Sports Direct store is now complete, including the addition of a c.9,000 sq. ft. dedicated Nike area and the opening of a USC store alongside. We will shortly commence work on Phase 3 of our Shirebrook campus expansion; the construction of an additional c.600,000 sq. ft. warehouse and office extension which will be pivotal in facilitating our ambitious plans for growth.

I note also that the Group has recently signed a new £688m committed, unsecured revolving credit facility which will remain in place until September 2018, providing a strong foundation on which to deliver our growth plans over the next four years.

EMPLOYEE BONUS SHARE SCHEME

The Group's Employee Bonus Share Schemes are some of the most wide-reaching and generous share schemes in the UK. The adoption of such schemes has proven highly effective at both motivating and remunerating our colleagues, and the performance of the Group has gone from strength to strength since the initial scheme was first approved by shareholders in September 2009.

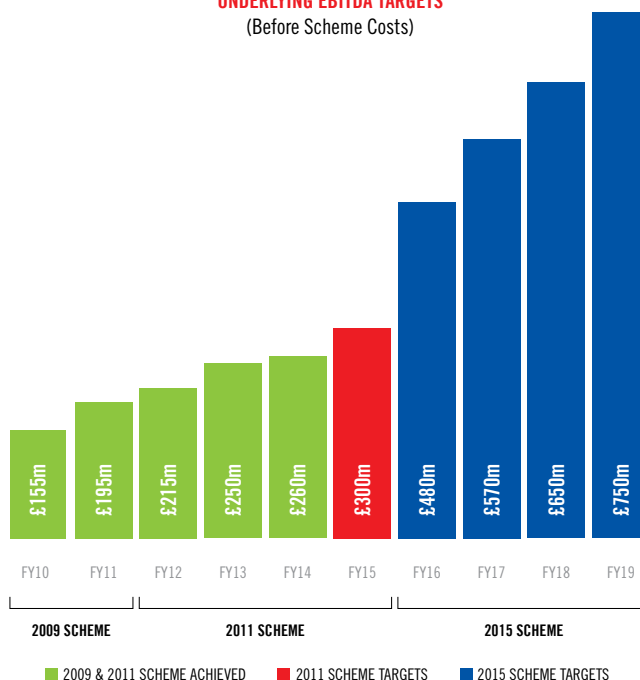
The second and final award under the 2009 Employee Bonus Share Scheme vested in August 2013, with over 19 million shares being distributed to a deserving c.2,000 employees. The high level of rewards for eligible participants has also proven key to employee retention, and we credit a great deal of our continued success to our loyal workforce.

The motivation and retention of our key employees has also contributed substantially towards the Group significantly out-performing the 2011 Employee Bonus Share Scheme underlying EBITDA (before scheme costs) targets for FY12, FY13 and FY14. I am convinced that the Group has the right team in place to achieve the FY15 EBITDA target, and I look forward to seeing the scheme vest in both 2015 and 2017.

The Group recently proposed a 2015 Bonus Share Scheme to its shareholders under which employees and the Executive Directors would be eligible to participate subject to the achievement of EBITDA targets for the years FY16 to FY19. I am pleased to note that the new Scheme was approved at a General Meeting on 2 July 2014.

On behalf of the entire Board, I would like to thank shareholders for their support and participation in this process. Sports Direct's Employee Bonus Share Schemes are some of the most successful employee reward schemes in the UK. The success of these schemes is demonstrated by the substantial shareholder value created over the last five years.

UNDERLYING EBITDA TARGETS (Before Scheme Costs)



THE BOARD

During the year Bob Mellors, the Group Finance Director, retired. His dedication and commitment to the Group cannot be understated and we wish him well in his retirement. The recruitment of a replacement is on-going.

We are interviewing internal and external candidates to ensure that the new post holder displays the qualities required by a FTSE 100 company.

We are aware of Lord Davies' target of achieving Board diversity by ensuring a minimum of 25% of the Board are female by 2015. However any appointment will be based on the skills and expertise of the individual. The Board is still giving consideration to how the 25% target will be met. Further details relating to the recruitment of the Finance Director can be found on page 27.

WEBSITE

During the year significant time has been spent on updating the Group's corporate website. The updated site was launched during December 2013 and is easy to navigate for both potential investors and current shareholders alike. New features to the site include interactive share price charts, brands footage and alerts to subscribers following Group announcements. The site also incorporates links to additional resources such as our online store and careers site.

DIVIDEND

Consistent with the recent practice, the Board has decided not to propose a dividend in relation to FY14. The Board remains of the opinion that it is in the best interests of the Group and its shareholders to preserve financial flexibility, facilitating the pursuit of potential acquisition and other growth opportunities. The payment of dividends remains under review in future years.

CONCLUSION

The Board and I would like to show our gratitude to our employees for the enormous contribution they have made during the year. Our results reflect their very hard work and dedication which should never be taken for granted. I look to the year ahead with optimism. Despite the difficult financial circumstances many of our customers find themselves in we believe our compelling value proposition will allow us to achieve continued success.

Dr Keith Hellowell QPM
Non-Executive Chairman

17 July 2014

OUR BUSINESS MODEL

Our business model is focused on long-term sustainable growth. Whilst we continue to grow our business in the UK, we are now keen to use the skills and knowledge we have gained to build and expand our Sports Retail business across the rest of Europe.

Our offering has developed further in specialist sports categories and more fashion-based retailing. We are constantly refurbishing and upgrading our stores, in order to provide our customers with a compelling consumer experience. The continued development of our dedicated specialist areas and on-going collaboration with Nike, adidas and Puma on in-store concepts are further examples of this.

Acquisitions and strategic investments in related businesses are an important part of our strategy. Opportunities to develop into new product categories or markets, or to strengthen our position in existing areas, will continue to be considered on a case by case basis.

We aim to maintain our position as the market leader in the Sports Retail sector in the UK, whilst also gaining momentum in our expansion into Europe. The business model provides guidance for the Group to implement an effective growth strategy to maintain and develop the success achieved so far. It compares our recent successes with our future ambitions in order that we can assess how to progress in the future.

The Group has significant momentum and we must ensure that our product offering and customer proposition continue to grow and develop in order to retain our current customer base and to attract more customers in the future.

Developing brand awareness is a key factor in ensuring a sustainable future, and the appropriate level of investment in advertising and technology are important components in achieving this.

Our international presence continues to grow through over 270 brand licensing partners, our online presence and on-going European store openings. The Group's appointment of internationally-recognised celebrities and sporting professionals as key ambassadors also promotes our brands on a global basis.

1. IDENTIFY

Brand acquisitions and property enhancement

2. INVEST

Store portfolio and employees

3. DEVELOP

Website and mCommerce, enhanced product ranges

4. PROMOTE

Group-owned brands

5. ACHIEVE

Targets and Group success



STRATEGY

OBJECTIVE	SO FAR	WHAT NEXT?
IDENTIFY		
In-Store	<p>Our Shirebrook store is used as a centre of excellence where presentation techniques are trialled and perfected.</p> <p>The Group focuses on its stores to ensure the best presentation of our product range. Our product collections provide a 'good/better/best' presentation to ensure our customers find the right product at the right price. Our specialist collaborations with SheRunsHeRuns and Soccer Scene @ the Boot Room provide a high level of customer service. Our multi-channel approach also gives flexibility to our customers.</p>	<p>The Group continues to enhance its in-store offering with further dedicated areas for specialist product collections:</p> <ul style="list-style-type: none"> • European Golf • Swimshop.co.uk • DragonCarp Direct • Field & Trek • SheRunsHeRuns
Acquisitions	<p>The Group has continued its expansion in Europe, acquiring the Sports Eybl and Sports Experts Group (EAG), as well as a majority shareholding in Sportland International Group (SIG), which operate in Austria and Germany and the Baltic region, respectively.</p> <p>In the UK the Group acquired a 51% stake in Yeomans Outdoors to add to the Sports Retail division. A 51% stake in Pulp, and the remaining 20% stake in Cruise were also purchased, both being valuable additions to the Premium Lifestyle division.</p> <p>In June 2013 the Brands division acquired the assets of Gelert.</p>	<p>Acquisitions remain a high priority, in order to broaden the variety of customer offering in all areas of the Group.</p>
INVEST		
Store Portfolio	<p>During FY14, we opened 32 stores in the UK, closing 10, and opened a further 15 stores in Europe, closing five. As at 27 April 2014, Sports Retail operated in 19 countries in Europe, as well as in the UK.</p> <p>The Group also operates a store in Iceland as a joint venture and has a 50% stake in the Heaton's chain in Northern Ireland and the Republic of Ireland.</p> <p>Our Shirebrook store has been extended to provide a total retail space of c.78,000 sq. ft. This offers customers a huge range of products under one roof, enhancing their shopping experience.</p>	<p>The Group intends to continue to enhance its store portfolio in both the UK and internationally. The Group will continue with the strategy to identify strategic partners in new territories while expanding operations in those countries where we currently have a presence. Plans are in place to expand Sports Retail operations into all the major countries in the European Economic Area.</p>
People	<p>We are aware that the dedication of our employees has been essential to the success of the Group. The commitment that they have shown does not go unnoticed.</p> <p>The Employee Bonus Share Schemes have been central to uniting our employees to work towards a shared goal. The 2009 Employee Bonus Share Scheme has shown our employees what they can achieve with teamwork, and they are only one target away from meeting the 2011 Employee Bonus Share Scheme targets set. The recently approved 2015 Bonus Share Scheme will further act as an incentive to focus the minds of our employees.</p>	<p>Due to the success of the first Employee Bonus Share Scheme, we continue to encourage and motivate employees with the 2011 and 2015 Employee Bonus Share Schemes.</p>
DEVELOP		
Website	<p>Online Retail sales currently represent 17.1% of Sports Retail revenue, an increase from 15.0% in FY13.</p> <p>Improvements to the site such as specialised landing pages and upgraded 'My Account' pages, offer the customer a more personal experience.</p> <p>Investment in the mobile site means that it now fully supports language and currency conversion. Mobile visits currently equate to 25% of visits to SPORTSDIRECT.com.</p>	<p>Online revenue continues to be an area of significant growth and the Group continues to look at opportunities to develop this revenue stream further. The website has benefited from investment in improving the customer experience, including a more efficient checkout experience and parcel tracking services. Recognition of the online brand has increased with 401 UK stores displaying the SPORTSDIRECT.com fascia.</p> <p>The introduction of gift cards that can be purchased and redeemed online will be trialled in FY15. This will allow customers to use gift cards to purchase items from our whole product range.</p>
PROMOTE		
Brands	<p>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.</p> <p>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. This results in far wider distribution of the products than would be the case if their sale was restricted to Group stores.</p> <p>The Wholesale business also wholesales childrenswear and apparel. The licensing business licenses third parties to apply Group-owned brands to non-core products manufactured and distributed by those third parties. The division currently has c.270 licensees worldwide. We manage these licensees to ensure global brand consistency and the international success of our Group brands.</p> <p>We recently added to our brand portfolio with the purchase of Gelert.</p>	<p>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 portfolio of globally-recognised, high-profile athletes.</p> <p>Acquisitions of key brands will remain high on the agenda.</p> <p>The Brands Division strategy is focused on further expansion into Asia, and the Americas. Such expansion will provide us with more opportunities to expand the global presence and international appeal of our Group brands.</p> <p>In order to improve worldwide brand awareness, the Brands division will continue to invest in the development of core products for wholesale customers and distributors throughout the world.</p>

KEY PERFORMANCE INDICATORS

The Board monitors the performance of the Group by reference to a number of key performance indicators (KPIs), which are discussed in this Chief Executive's Report, and also in the Financial Review. The most important of these KPIs are:

	52 weeks ended		Pro-forma 52 weeks ended
	27 April 2014	28 April 2013	29 April 2012 ⁽²⁾
Financial KPIs			
Group revenue	£2,706.0m	£2,185.6m	£1,807.2m
Underlying EBITDA ⁽¹⁾	£331.1m	£287.9m	£235.7m
Sports Retail gross margin	42.9%	40.3%	40.3%
Sports Retail like-for-like stores gross contribution ⁽³⁾	+10.5%	+10.6%	+0.7%
Online revenue as a percentage of total Sports Retail revenue ⁽⁴⁾	17.1%	15.0%	11.6%
Underlying earnings per share ⁽⁵⁾	32.1p	26.9p	18.7p
Non-financial KPIs			
No. of Sports Retail stores ⁽⁶⁾	665	498	483
Employee turnover	19.2%	15.5%	17.0%
Cardboard recycling	9,230 tonnes	8,893 tonnes	6,622 tonnes

(1) The method for calculating underlying EBITDA is set out in the Financial Review.

(2) The FY12 income statement has been restated to provide a 52-week pro-forma set of results.

(3) Sports Retail like-for-like contribution is defined as the percentage change in gross contribution in the successive 12 month period, adjusted to remove the impact of the 53-week year in 2012. 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 refurbishment.

(4) Excludes wholesale revenue and revenue in EAG and SIG. Including revenue in EAG and SIG, online sales represented 15.1% of turnover.

(5) The method for calculating underlying earnings per share is set out in the Financial Review.

(6) Excluding associates.

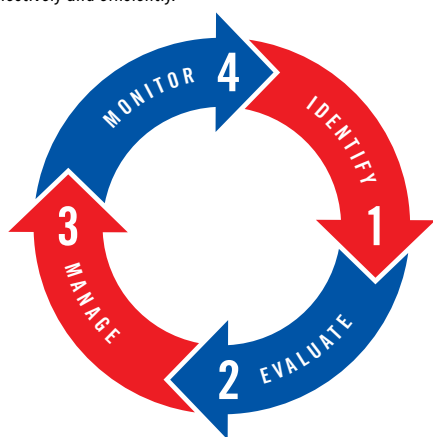
RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has a responsibility to govern the Group in the interest of the shareholders. Comments and suggestions of shareholders are always considered by the Board. Where the Board considers that the risk has not been fully mitigated, follow-up meetings will be arranged to assess the risk and formulate mitigation strategies. A specialist management team of Directors and senior managers highlight risks as and when they become apparent. The team then in turn assist the Board in devising controls to minimise the Group's exposure.

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.



1. THE RISKS ARE IDENTIFIED

2. THE RISKS ARE EVALUATED

3. ACTION IS TAKEN TO MANAGE THE RISKS

4. THE PRACTICES ARE REVIEWED AND MONITORED TO LIMIT THE RISK

The specialist management teams are responsible for the identification, analysis, evaluation and mitigation of the significant risks applicable to their areas of business. The teams meet regularly to discuss the identified risks, and how these should be 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 Board is assisted by the Audit Committee in fulfilling its overview 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 external auditors are invited to attend all meetings of the Audit Committee, save for those parts of any meeting when the Committee reviews the performance of the auditors.

With the exception of Heaton's, which is 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, and the Board believes that the Group has maintained throughout the year and up to the date of approval of the annual report and accounts an effective embedded system of internal control and has complied with the Turnbull guidance.

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.

There is an approved employee whistle-blowing policy within the Group. The policy was established to be utilised by employees who wish to raise any issues or concerns relating to the Group's activities, and all matters are discussed on a confidential basis.

KEY RISKS

Control environment

The Group's operating procedures include a comprehensive system for reporting information to the Board including:

- assessment of three years of strategy plans for business development;
- creation and assessment of legal policies; and
- review of the Group at each Board meeting, focusing on potential new risks (such as key changes in the market and succession planning).

Control procedures

Detailed operational procedures have been developed for each of the Group's operating businesses that embody key controls. The implications of changes in law and regulations are taken into account within these procedures.

Financial reporting process

The Group has in place internal control and risk management systems in relation to the Group's financial reporting process and the Group's process for the preparation of consolidated accounts. These include clearly defined lines of accountability and delegation of authority, policies and procedures that cover financial planning and reporting, preparing consolidated accounts, capital expenditure, project governance and information security.

The Audit Committee is responsible for overseeing and monitoring these processes, which are designed to ensure that the Group complies with relevant regulatory reporting and filing provisions. As at the end of the period covered by this Report, the Audit Committee, with the participation of the Chief Executive, evaluated the effectiveness of the design and operation of disclosure controls and procedures designed to ensure that information required to be disclosed in financial reports is recorded, processed, summarised and reported within specified time periods.

PRINCIPAL RISKS AFFECTING THE GROUP

The Group has identified the following factors in the following table 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 when they are distributed by the manufacturer to when they are sold in the stores.	The Group is subject to the risks associated with international trade and transport as well as those relating to exposure to different legal and other standards. Particular risks including worker strikes, failure to meet minimum code of conduct standards, and transport delays for products could all cause substantial difficulties.	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 performance of the supplier. It allows the Group to carry out inspections of premises to ensure compliance with the Group's codes for continuity and quality of supply. The Policy extends throughout the duration of the Group's contract with each supplier and allows the Group to conduct inspections of supplier premises at random intervals.
The Group is reliant on manufacturers in developing countries as the majority of the Group's products are sourced from outside the UK.	Disasters in or around the factories of our suppliers could bring negative media attention to the Group.	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 these policies. Strong Service Level Agreements and maintaining relationships with all parties involved in the supply chain also mitigate these risks.
Key Suppliers		
The Group is reliant on good relationships 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 if 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. Lengthy contracts are often used by the Group to ensure that key manufacturers are aware of our commitment to them.
Treasury and Financial Risk		
The Group operates internationally. The majority of foreign contracts relating to the sourcing of Group branded goods are denominated in US dollars and the Euro, thus leaving exposure to foreign exchange risk.	The Group is exposed to foreign exchange risk arising from various currency exposures and a strengthening of the US dollar or a weakening of the pound sterling making goods more expensive.	The Group seeks to mitigate the FX fluctuations by hedging via forward foreign currency contracts which are designated as cash flow hedges.
The Group has net borrowings, which are principally at floating interest rates linked to bank base rates or LIBOR.	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. This could significantly reduce profitability.	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 is cash generative and is now targeting its debt levels to mitigate interest rate 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.	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 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.
Funding and liquidity for the Group's operations are provided through bank loans, overdrafts and shareholders' funds.	The Group's objective 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.	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.
	The purchase of acquisitions to strengthen and compliment the Group may be hindered.	Credit evaluations are performed on all customers requiring credit over a certain amount, and concentration of credit risk is managed.
	Relationships with suppliers could break down if we are unable to pay them in line with our contractual obligations.	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 finance facility is held with a club of 13 banks, thereby spreading the risk.
Succession Planning		
Key individuals within the Group have knowledge of the business and are essential to drive the business forward.	Natural disaster, illness, injury, or the sudden resignation of key individuals could change the direction of the Group.	Our departments work together to develop their understanding of each department and of the Group. Senior Managers work at ground level to help to assess the strengths of their employees and to offer development opportunities where appropriate. This can be of assistance when considering the suitability of internal candidates for vacancies. Promotion opportunities, a newly developed competency framework, and regular appraisals give employees a voice, encourage a sense of responsibility and support career progression. Our structured talent management programmes, and specialist masterclasses, encourage internal progression within the Group. The Group has formed working relationships with head hunters and recruitment agents who are aware of the qualities required in a typical candidate.

RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

CONTINUED

AREA	RISK	MITIGATION
Market Forces		
The Sports Retail industry is highly competitive and the Group currently competes at national and local levels with a wide variety of retailers of varying sizes who may have competitive advantages. New competitors may enter the market.	The competition continues to place pressure on the Group's pricing strategy, margins and profitability.	<p>The Group has a discount pricing policy to help reduce the risk of increased competition in the industry.</p> <p>The Group has a strong property portfolio, and continues to strengthen this by opening and closing stores to adapt to market conditions.</p> <p>A number of key brands are owned by the Group, reducing pressure on margins.</p>
Operational		
The Group is reliant on the Head Office and National Distribution Centre at Shirebrook operating without disruption, along with the uninterrupted running of the Group's fleet of vehicles.	Any disruption to the Head Office, National Distribution Centre or 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.	<p>The Group has a strong business continuity plan that is regularly reviewed to address operational risks. The last review and testing of this took place during the most recent financial year.</p> <p>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.</p> <p>The Group constantly monitors the business environment and the nature of the business model allows for the Group to act swiftly under extraordinary circumstances.</p>
The majority of the Group's revenue is derived from the UK.	<p>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.</p> <p>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 stores.</p>	
Health & Safety		
Health and Safety is key across all areas of the Group. Policies are implemented, in conjunction with legal standards, to protect our employees and customers.	Potential injuries, distress and fatalities could result from a failure to establish and maintain safe environments. Lack of competence in Health and Safety reporting could lead to legal claims which are difficult to defend.	<p>We ensure that each Company within the Group is fully trained to the required standards applicable in each requisite country.</p> <p>Training courses are regularly offered and employees are encouraged to learn essential Health and Safety techniques.</p> <p>The team at Head Office are always on hand to discuss Health and Safety issues, assess incidents and refer reportable matters to RIDOR.</p> <p>The incidents within the Group are reported to the Board regularly, as are the legal claims that arise from these. The Board consider ways to reduce the number of claims.</p>
Legal		
The Group's trade marks, patents, designs and other intellectual property rights are central to the value of the Group's brands.	<p>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.</p> <p>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.</p> <p>Third parties may try to challenge the ownership or counterfeit the Group's intellectual property.</p>	<p>The Group has an in-house Legal team who have knowledge of a variety of legal areas that apply to the Group. This in-house expertise is vital in mitigating such issues.</p> <p>The Legal team work closely with external consultants to assist with matters outside their areas of expertise.</p> <p>The Group's Legal team actively monitor trade mark applications by other companies, as well as the stock of rival retailers, to ensure that our rights are not infringed and where these are infringed, to take appropriate action.</p> <p>As a testament to the Legal team's hard work and commitment to protecting the Group's trade marks, the trade mark team recently won Sport, Entertainment and Media Team of the Year at the World Trademark Review Awards in Dallas.</p>
Sales		
The Group's retail businesses are subject to seasonal peaks. The incidence of and participation in major sporting events will have a particular impact on the Sports 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 are able to influence the retail portfolio and therefore constantly monitor development of stores and the Group's aim to increase the square footage through viable new retail space. By monitoring stock levels through sales forecasting the Group can manage the peaks in demand and trading profiles can be predicted.

CHIEF EXECUTIVE'S REPORT & BUSINESS REVIEW

OVERVIEW OF FINANCIAL PERFORMANCE

I am pleased to report a further year of strong revenue and profit growth for Sports Direct. The results for the year are even more impressive given that the prior year included the UEFA European Championships and the 2012 London Olympics, and have been achieved in a retail environment that remains challenging. The Group has grown consistently, and the resilience and flexibility of our business model continues to allow us to offer an unrivalled product range, offering exceptional quality and unbeatable value. We will continue to be the Consumers' Champion.

Building on our strategy of broadening our customer base through expansion, during the year we have opened c.300,000 net sq. ft. of additional retail space across the UK, re-fitting a further c.300,000 sq. ft. In Europe we have opened c.200,000 net sq. ft. of retail space in our existing business and have acquired a further c.1.9 million sq. ft. with our acquisitions in Austria and the Baltics.

The out-performance that we have achieved over recent years truly serves to demonstrate how successful the Employee Bonus Share Scheme has been in motivating our employees to work towards a shared goal. The 2009 scheme targets were achieved and the shares vested in August 2012 and 2013, with over 2,000 employees receiving life-changing sums as reward for their hard work and dedication to the business over the last five years.

Underlying EBITDA targets under the 2011 Employee Bonus Share Scheme for FY12, FY13 and FY14 have been met. With only one target left to achieve, the scheme is also on course to vest in 2015 and 2017. I am also delighted that, following a General Meeting on 2 July, shareholders have now given approval for a new 2015 Bonus Share Scheme. This will ensure the commitment of our employees for many more years to come.

GROUP

For the year we increased Group revenue by 23.8% to £2,706.0m. This was primarily due to the Retail division, where we grew revenues by 25.9%, including a 24.1% increase in Sports Retail revenue partly due to the acquisition of EAG in Austria and SIG in the Baltic region. Premium Lifestyle revenue also grew by 49.4%, due largely to the acquisition of Republic in February 2013.

Group gross margin in the year increased by 180 basis points from 40.9% to 42.7%. Sports Retail division gross margin increased by 260 basis points to 42.9% (FY13: 40.3%), while Brands division gross margin decreased to 43.1% (FY13: 44.9%).

Group operating costs increased 35.9% to £826.1m (FY13: £607.9m). Sports Retail and Brands division operating costs were £656.3m (FY13: £479.6m) ⁽¹⁾ and £63.1m (FY13: £66.6m), respectively. The increase in Group operating costs is mainly attributable to our recent acquisitions in Austria and the Baltics. Excluding the impact of these acquisitions, Group operating costs increased by 19.7%. Operating costs increased slightly as a percentage of sales from 27.8% in FY13 to 29.7% in FY14, excluding the impact of acquisitions, due to provision reversals in the prior year and the impact of a full year of costs within Republic.

Reflecting the success of our approach – balancing revenues and gross margin, while maintaining a tight focus on operating costs – we grew Group underlying EBITDA (before scheme costs) for the year by 15.0% to £331.1m (FY13: £287.9m). Within this underlying EBITDA, we increased the Retail division EBITDA by 15.3% to £300.9m (FY13: £260.9m) while the Brands division EBITDA increased by 11.9% to £30.2m (FY13: £27.0m).

Excluded from underlying EBITDA is an £11.9m (FY13: £22.1m) charge in respect of the 2009 and 2011 Employee Bonus Share Schemes and the Executive Bonus Share Scheme. This charge has been taken centrally and, except in note 4 to the accounts, is not reflected in the divisional (Retail and Brands) numbers in this report.

For the year, Group underlying profit before tax increased 19.8% to £249.3m, primarily as a result of the £43.2m increase in EBITDA (pre-scheme costs) and a £10.2m reduction in Employee Bonus Share Scheme charges offset by a £9.3m increase in depreciation and amortisation. Underlying EPS for the year increased by 19.3% to 32.1p (FY13: 26.9p).

Net debt at 27 April 2014 was £212.0m (28 April 2013: £154.0m), which is 0.66 times reported EBITDA (28 April 2013: 0.58 times). Reported EBITDA includes realised foreign exchange gains/losses in selling and administration costs and the Employee Bonus Share Scheme charges.

REVIEW BY BUSINESS SEGMENT

Retail Revenue:

	52 weeks ended	
	27 April 2014 (£'m)	28 April 2013 (£'m)
Sports Retail	2,274.4	1,833.3
Premium Lifestyle ⁽¹⁾	214.1	143.3
Total Retail revenue	2,488.5	1,976.6
Cost of sales	(1,427.3)	(1,175.6)
Gross profit	1,061.2	801.0
Gross margin percentage	42.6%	40.5%

(1) FY13 Premium Lifestyle revenue re-stated to include Republic (previously included within Wholesale and other)

Brands Revenue:

	52 weeks ended	
	27 April 2014 (£'m)	28 April 2013 (£'m)
Wholesale	185.2	178.3
Licensing	32.3	30.7
Total Brands revenue	217.5	209.0
Cost of sales	(123.8)	(115.2)
Gross margin	93.7	93.8
Gross margin percentage	43.1%	44.9%

SPORTS RETAIL

Sports Retail revenue growth has continued with the acquisition of two international subsidiaries in Austria and the Baltics, as well as further enhancements in our retail and logistics infrastructure.

Sports Retail sales grew 24.1% to £2,274.4m (FY13: £1,833.3m), driven by our recent European acquisitions and strong growth in our existing business. Sports Retail gross margin for the year increased by 260 basis points to 42.9% (FY13: 40.3%). This increase is mainly attributable to on-going investment in our 'better and best' product range and the further development of Group Brands.

Sales in the second half of the year were up 25.5% to £1,138.3m (FY13 H2: £907.3m). Gross margins for the second half of the year improved to 42.5% (FY13 H2: 39.7%).

Sports Retail like-for-like gross contribution, which excludes online, increased by 10.5%, marking the fifth consecutive year of growth in this KPI against a tough comparator last year which included the UEFA European Championships and the 2012 London Olympics (FY13: +10.6% / FY12: +0.7% / FY11: +6.8% / FY10: +3.7%). Sports Retail like-for-like contribution is defined as the percentage change in gross contribution in the successive 12-month period. 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 refurbishment. The number of stores included in this year's KPI is 339 (FY13: 340).

Sports Retail operating costs increased by 36.8% to £656.3m, including acquisitions (FY13: £479.6m). Excluding the impact of acquisitions, operating costs increased by 16.3% to £557.6m - operating costs in H2 increased by 12.3% to £283.6m (FY13 H2: £252.6m).

(1) FY13 comparative now excludes operating costs in Republic, now included within Premium Lifestyle

CHIEF EXECUTIVE'S REPORT & BUSINESS REVIEW

CONTINUED

Store wages were up 37.5% in the year to £211.4m (FY13: £153.7m) but as a percentage of sales increased only slightly to 9.3% (FY13: 8.4%). Sports Retail premises costs increased by 33.1% to £192.7m (FY13: £144.8m), largely due to a £14.6m reversal of our onerous lease provision in FY13 following the closure of a significant number of unprofitable stores. Excluding the impact of this reversal, premises costs increased by 20.9%. Other operating costs were up 32.8% to £246.6m (FY13: £185.7m), increasing slightly as a percentage of sales to 10.8% (FY13: 10.1%).

The currency impact due to the change in the Euro: Sterling exchange rate was a cost of £5.6m in the current year (FY13: a gain of £4.6m).

Underlying EBITDA for Sports Retail was £321.3m (FY13: £259.9m), an increase of 23.6% for the year (20.2% excluding the impact of acquisitions). This increase was driven by a £236.6m increase in gross profit (including acquisitions), due to the growth in store contribution and online sales, offset by the £176.7m increase in operating costs.

The Group's retail businesses performed strongly in a difficult economic environment. Our retail model, offering outstanding value to our customers, remains resilient, both in the UK and internationally. Throughout the year, we continued to focus on offering our customers the most comprehensive product range, the best availability and value while minimising operating costs as a percentage of gross sales.

The Group has continued its planned expansion into Europe with the acquisition of two key subsidiaries. In June 2013, the Group acquired a 51% stake in the Sports Eybl & Sports Experts Group AG (EAG), a leading sports retailer with stores in Austria and Germany. The remaining 49% of the business was subsequently acquired in March 2014. In August 2013, the Group acquired a 60% shareholding in Sportland International Group (SIG), the market leader in the Baltic states of Estonia, Latvia and Lithuania.

We are currently in the final design stages for Phase three of the development of our National Distribution Centre in Shirebrook, the construction of an additional c.600,000 sq. ft. warehouse and office facility. Preparation of the site is already in progress, with the aim of commencing works in September 2014, and completion of the project anticipated for late 2015.

Employee training continues to be a major area of investment. During the last year over 50,000 hours were devoted to training and developing our colleagues. Our National Training Facility in Shirebrook is committed to maximising the individual performances of our employees, and to helping others to identify, work towards, and achieve their own distinct career goals.

The National Training Facility is supported by Nike and Puma, who have their own individual environments. This unique training experience is the only centre of its type globally for both Nike and Puma.

Our store portfolio remains constantly under review with the performance of each store and ways of maximising performance being regularly examined. During the year we opened 32 stores in the UK, closing 10 and have opened an additional 15 stores in Europe, closing five. Through acquisitions we also added a further 134⁽¹⁾ stores in Austria and the Baltics.

We increased our period end square-footage to c.4.5m sq. ft.⁽²⁾ (FY13: c.4.0m) in the UK and c.3.0m sq. ft.⁽³⁾ (FY13: c.1.1m sq. ft.) across the rest of Europe, including an additional c.1.9m sq. ft. as a result of acquisitions. We also re-fitted c.300,000 sq. ft. of our existing retail store space in the UK.

(1) Store numbers taken at date of acquisition.

(2) Due to differing methodologies, this implies a range between 4.25m sq. ft. - 4.75m sq. ft.

(3) Due to differing methodologies, this implies a range between 2.75m sq. ft. - 3.25m sq. ft.

During the year, the expansion of the Shirebrook Sports Direct store was also completed. The expanded store includes dedicated Nike and Puma areas as well as enhanced running, outdoor, football and women's fitness areas. Following the success of the Shirebrook store, our Oxford Street store relocated to the former HMV store in May 2014. The continued evolution of the whole estate and in particular, key city centre stores, is vital in building relationships with third-party brands and will continue with the re-development of our Glasgow store which is expected to finish in Autumn 2014.

In FY15 we are targeting to re-fit c.400,000 sq. ft. of retail space across the UK.



ONLINE

We have experienced growth in online revenue which has increased by 26.8% from £264.6m to £335.4m in the year. This represented 17.1% of Sports Retail sales (FY13: 15.0%), excluding wholesale sales and sales in EAG and SIG (including EAG and SIG, online revenue represented 15.1% of Sports Retail sales). Online sales to non-UK customers now represent 46.5% of all online Sports Retail sales (FY13: 35.1%) and 48.2% of online contribution (FY13: 33.8%)

Our multi-channel offering remains a strategic focus for the Group. Order fulfilment and information technology solutions are developed in-house with full back-up support from our National Distribution Centre in Shirebrook, Derbyshire. Specific customer landing pages, and 'My Account' pages have now been upgraded and provide an improved customer experience. 401 of the UK store fascia are now branded SPORTSDIRECT.com, an increase of 25 from last year (FY13: 376).

Approximately 25% of visits to SPORTSDIRECT.com are now made via mobile devices. Given the rapid developments in this area, we have updated our mobile site to support multiple language and currency options. Customer satisfaction through a multi-channel offering remains one of our key areas of focus. During FY15 we aim to enhance the customer experience by upgrading our search facility to ensure that the results are as relevant as possible. We are developing additional functionality including click & collect, which is expected to be rolled-out in UK Sports Direct stores during Autumn/Winter 2014, online gift cards and the opportunity to open a credit facility.

UK STORE PORTFOLIO

	27 April 2014	28 April 2013
Stores at Year End	418	396
Opened	32	37
Closed	10	36
Freehold properties	59	52
SPORTSDIRECT.com fascias	401	376
Other	17	20
Area (sq. ft)	c.4.5m	c.4.0m

In the 52 weeks to 27 April 2014, rent reviews have been agreed on 30 stores. The average increase in rent was 0.64% (0.13% annual equivalent). There are currently 41 rent reviews outstanding with a further 54 falling due in FY15. Our lease expiry profile over all leasehold stores (excluding Lillywhites Piccadilly) is now 5.1 years, including 68 stores with contractual expiries or break dates within the next 12 months. This significant amount of flexibility within our portfolio allows us to continue to monitor and adapt our format to the rapidly changing multi-channel environment.

In the current financial year, we are targeting to open between 30 and 40 stores, c.30% of which are expected to be relocations. In the first quarter we have already opened 10 stores, and have closed five, of which four were due to relocations within the same town.

We continue to benefit from the acquisition of the properties purchased from Mike Ashley in 2012, which have resulted in a £9.4m increase to EBITDA when viewed against a proforma comparative.

	FY14 Proforma (£)	FY14 Inc. acquired MA Properties (£)
Rental charge – 32 stores ⁽¹⁾	(7.6)	-
Third-party rental income	-	1.9
EBITDA Contribution (32 stores)	16.5	25.9

(1) Assumed rent based on 10% of store turnover

INTERNATIONAL STORE PORTFOLIO: PRE-EXISTING BUSINESS

	27 April 2014	28 April 2013
Belgium	44	45
Slovenia	15	15
Portugal	15	15
Poland	7	-
France	6	6
Netherlands	6	6
Cyprus	5	6
Hungary	4	2
Czech Republic	4	2
Slovakia	3	3
Luxembourg	2	2
Spain	1	-
Total	112	102

Note: Excluding Republic of Ireland & Iceland

FY14 Acquisitions

	27 April 2014
Austria	52
Estonia	36
Latvia	24
Lithuania	20
Germany	3
Total	135

All of the above stores are operated by companies wholly-owned by the Group, except Portugal, where the Group owns 50.1% and Estonia, Latvia and Lithuania where the Group owns 60.0%. As part of the accelerated growth programme in our European subsidiary, we now have an additional 10 stores in Europe and have entered two new countries (Spain and Poland). Including our recent acquisitions in Austria and the Baltic region, we are now active in 19 countries across Europe (includes associates in the Republic of Ireland and Iceland).

The integration of EAG initially focused on the Sports Expert format, but has now been extended to include the Eybl fascia. Sports Direct point of sale systems are now in all stores with all EAG stock now centrally managed. While the strategic focus to date has been the sell-through of legacy stock, we also intent to rebrand all EAG stores to SPORTSDIRECT.com.

Our strategy remains to identify partners in new territories while continuing to expand our operations in the countries where we currently trade. For FY15, in line with our accelerated European expansion, we are targeting 10-15 organic new stores. In the first quarter, we have opened three stores, closing two.

The Group has a 50% shareholding in the Heatons chain which operates 15 Sports Direct stores in Northern Ireland and 26 sports stores in the Republic of Ireland. We also own a 25% shareholding in the Sports Direct store in Iceland.

Local management continue to work hard to ensure that all new and existing stores in Europe are committed to striving towards the operational efficiencies and standards that exist across our UK sports stores.

CHIEF EXECUTIVE'S REPORT & BUSINESS REVIEW

CONTINUED

PREMIUM LIFESTYLE

Premium Lifestyle sales grew 49.4% to £214.1m (FY13: £143.3m), in large part due to the inclusion of a full year's trading in Republic which was acquired in February 2013. Premium Lifestyle gross margin for the year decreased by 350 basis points to 40.3% (FY13: 43.8%) due to the clearance of old stock in the year.

Premium Lifestyle operating costs including Republic increased by 72.9% to £106.7m (FY13: £61.7m). Excluding Republic, operating costs increased by 5.2% to £58.7m (FY13: £55.8m).

Underlying EBITDA for Premium Lifestyle was a loss of £20.4m (FY13: £1.0m profit). This was largely due to significant re-structuring costs within Republic. We are targeting to see the benefit of this re-structuring, along with the impact of the closure of a significant number of loss-making stores in the year, in FY15.

Integration of our Premium Lifestyle division has continued in the year, including IT systems in Flannels, Cruise and Republic, and the relocation of the Flannels head office to our site in Wigan. The previous Republic warehouse and head office has been relocated to the existing USC facilities, and 53 former Republic stores were converted to the USC fascia. Notwithstanding this progress, supply from major third-party brands remains very challenging.

The FY13 results included nine months of trading for Flannels and two months for Republic.

Online revenue in the division increased by 57.6% in the year to £37.5m (FY13: £23.8m). During the year the division's eCommerce platforms have been integrated with the Group's IT systems. These now consist of Flannels.com, Cruisefashion.co.uk, and USC.co.uk.

USC online sales increased by 116.5% to £23.6m (FY13: £10.9m) due to improved stock availability and increased brand awareness. The launch of the USC and Flannels mobile platforms, in November 2013, has also contributed towards the increase in online sales in the Premium Lifestyle division.

At the year end, the Premium Lifestyle division traded from 126 stores under five main fascias:

	27 April 2014	28 April 2013
USC	90	40
Republic	-	104
Van Mildert	9	10
Cruise	10	8
Flannels	8	8
Other	9	8
Total	126	178

BRANDS

The Group's brand 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 activities. The Brands division continues to sponsor a variety of prestigious events and retains a variety of globally-recognised, high-profile sportsmen and women as brand ambassadors.

Brands division total revenue increased by 4.1% to £217.5m (FY13: £209.0m). Wholesale revenues were up 3.9% to £185.2m (FY13: £178.3m), with continued growth in the key US market which now represents 39.4% of total wholesale revenue.

Brands gross margin decreased by 180 basis points to 43.1% (FY13: 44.9%). Wholesale gross margins fell 220 basis points to 33.2% (FY13: 35.4%) negatively impacted by the loss of Firetrap wholesale income and stock clearance in Gelert, acquired in July 2013. Following the acquisition of the Gelert brand and assets from the administrator the business underwent a complete customer and operational review, resulting in significant cost savings and a more efficient business going forward.

Licensing revenues in the year were up 5.2% to £32.3m (FY13: £30.7m). We signed 84 new licence agreements, covering multiple brands, product categories and geographies, with minimum contracted values of \$50.7m over the life of the agreements. At 27 April 2014, the Group had 427 licence agreements worldwide, across 273 licensees with contracted minimums of \$309m over the remaining life of the agreements.

Longer term, we still regard licensing as the key driver of Brands division profitability and central to the overall growth of the Brands business. The key growth areas are expected to include Asia Pacific, the Middle East and North Africa and the Americas which should compensate for a more challenging licensing landscape in the UK and Europe, as Sports Retail continues to expand in these territories.

Operating costs decreased by 5.3% to £63.1m (FY13: £66.6m) as we begin to benefit from the consolidation of our back office functions, with both Firetrap and Gelert now fully integrated. The full impact of the consolidation of back office functions across the Brands division is expected to be felt in FY15. As a result of cost savings, underlying EBITDA increased by 11.9% to £30.2m (FY13: £27.0m).

We continue to focus on developing world-class products that are endorsed by leading athletes on the field of play and continue to invest in our key brands.

EMPLOYEES

The success of the Group has largely been created by our c.28,000 employees, whose dedication and commitment has been sustained over many years. Their enthusiasm and “One Team” attitude has assisted the Group to succeed where many other retailers have failed. The Board are extremely grateful for the time that our employees have taken to develop their skills and expertise. We promote staff training wherever possible to enable our employees to be the best that they can be.

The 2009 and 2011 Employee Bonus Share Schemes have been fundamental tools in the motivation and incentivisation of employees. Under the 2009 Employee Bonus Share Scheme, c.27 million shares vested with our eligible employees. Subject to achieving the FY15 EBITDA target, and satisfactory personal performance, a further c.20 million shares are expected to vest under the 2011 Employee Bonus Share Scheme.



The 2011 Employee Bonus Share Scheme underlying EBITDA targets (before scheme costs), relate to performance between FY12 and FY15. The FY12 target of £215m, the FY13 target of £250m, and the FY14 target of £260m have all been achieved. The FY15 target is £300m (before scheme costs), and this final target, combined with the individual employee's satisfactory personal performance, must be achieved in order for the scheme to vest.

Shares under the 2011 Employee Bonus Share Scheme are due to vest in 2015 and 2017. Under the 2011 Employee Bonus Share Scheme employees are eligible for awards on a pro-rata basis depending on their length of service with the Group. Awards under the 2011 scheme are granted at either 100%, 75%, 50% or 25% of the employees' base pay. Subject to the performance criteria being fulfilled, c.5 million shares are due to vest in 2015 and c.15 million shares are due to vest in 2017.

An additional 3 million shares are due to vest with one of our Executive Directors and two members of senior management in 2017 under the Executive Bonus Share Scheme, subject to performance criteria being fulfilled. The Executive Bonus Share Scheme performance targets mirror those to be applied to awards under the 2011 Employee Bonus Share Scheme.

As a result of the successes of previous schemes, the 2015 Bonus Share Scheme has been devised to encourage further outstanding employee performance. The scheme will provide for the grant of nil-cost options over up to 25 million shares. The vestings are dependant on particularly stretching performance criteria spanning between FY16 and FY19. With targets of £480m for FY16, £570m for FY17, £650m for FY18 and £750m for FY19, the scheme has the potential to not only motivate employees, but also to create a further substantial increase in shareholder value.

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, and considers that continued supplies from these companies are critical to the business of the Group.

ENVIRONMENTAL MATTERS

The Corporate Responsibility Report is on pages 20 to 23 and a review of the assessment of the Group's impact on the environment is included in the Corporate Responsibility Report on page 22.

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

Overall trading since the year end has been in line with management's expectations with some stronger weeks offset by England's disappointing World Cup matches. The Group's performance continues to benefit from a number of factors including the historic investment in gross margin, investment in product range and availability, increased operating efficiencies and the continued optimisation of the Group's in-store and web product offer.

Based on the performance to date, we are very confident of achieving the final EBITDA target of £300m (before scheme costs) under the 2011 Employee Bonus Share Scheme.

Consistent with previous guidance, we continue to target an underlying EBITDA target of £360m (before the charge for the 2011 Employee & Executive Bonus Share Schemes). The Group's success is underpinned by our core strategy, offering our customers a wide range of products which represent exceptional quality and unbeatable value.

Dave Forsey
Chief Executive

17 July 2014

FINANCIAL REVIEW

The financial statements for the Group for the 52 weeks ended 27 April 2014 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

SUMMARY OF RESULTS

	52 weeks ended	
	27 April 2014 (£'m)	28 April 2013 (£'m)
Revenue	2,706.0	2,185.6
Underlying EBITDA	331.1	287.9
Underlying Profit Before Tax	249.3	208.1
Reported Profit Before Taxation	239.5	207.2
	Pence per share	Pence per share
Reported EPS	30.8	26.6
Underlying EPS	32.1	26.9

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

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

EBITDA AND PROFIT BEFORE TAX

	EBITDA (£'m)	PBT (£'m)
Operating profit	249.1	-
Depreciation, amortisation and impairment	64.1	-
Exceptional items	5.5	-
Share of profit of associated undertakings (excl. FV adjustments)	2.3	-
Reported	321.0	239.5
Bonus Share Scheme	11.9	-
Impairment of fixed assets	-	0.3
Exceptional items	-	5.5
Profit on disposal of investments	-	(5.4)
Realised FX gain	(1.8)	(1.8)
IAS 39 FX fair value adjustment on forward currency contracts	-	11.2
Underlying	331.1	249.3

Underlying 52 week FY14 profit before tax excludes:

- impairments which decreased profit by £0.3m;
- exceptional items which decreased profit by £5.5m;
- profit on disposal of investments which increased profit by £5.4m;
- realised foreign exchange gains which increased profits by £1.8m; and
- IFRS revaluation of foreign currency contracts which decreased profit by £11.2m.

FOREIGN EXCHANGE

The Group manages the impact of currency movements through the use of forward fixed rate currency purchase and sales contracts. The Group's policy is to hold or hedge between zero and five years of anticipated purchases in foreign currency.

The realised exchange gain of £1.8m (FY13: £2.3m gain) included in administration costs has arisen from:

- accepting Dollars and Euros at the contracted rate; and
- the translation of Dollars and Euro denominated assets and liabilities at the period end rate or date of realisation.

The exchange loss of £11.2m (FY13: £2.0m loss) included in finance costs / income substantially represents the reduction in the mark-to-market asset made (under IFRS) for the Group's unhedged forward contracts as at 27 April 2014. A number of the forward contracts outstanding at 27 April 2014 qualify for hedge accounting and the fair value loss on these contracts of £21.6m has been debited to equity through the Consolidated Statement of Comprehensive Income. The Group has sufficient USD/GBP contracts to cover the majority of purchases in UK Retail for FY15 and FY16. These hedged contracts are at an average rate of USD / GBP 1.681.

The Sterling exchange rate with the US dollar was \$1.547 at 28 April 2013 and \$1.680 at 27 April 2014.

Given the potential impact of commodity prices on raw material costs, the Group may hedge certain input costs, including cotton, crude oil and electricity going forward.

FINANCE COSTS

	52 weeks ended	
	27 April 2014 (£'m)	28 April 2013 (£'m)
Interest on bank loans and overdrafts	(7.5)	(6.6)
Interest on other loans	(0.6)	(0.6)
Interest on retirement benefit obligations	(0.6)	(0.5)
Fair value adjustment to forward foreign exchange contracts	(11.2)	(2.0)
	(19.9)	(9.7)

The rise in interest payable is a result of the increased use of the revolving credit facility and additional debt inherited from acquired companies. The increase in the use of the revolving credit facility is attributable to the acquisitions during the year and the investment in working capital. Going forward, the Group may look to manage or hedge its interest exposures.

The loss on the fair value 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.

EXCEPTIONAL ITEMS

	52 weeks ended	
	27 April 2014 (£'m)	28 April 2013 (£'m)
Profit on sale of intangible assets	-	0.6
Impairment of assets	(5.5)	-
	(5.5)	0.6

The impairment relates to assets in a newly acquired entity that were no longer required post acquisition.

TAXATION

The effective tax rate on profit before tax in FY14 was 25.0% (FY13: 26.8%). This rate reflects depreciation on non-qualifying assets and overseas earnings being taxed at a higher rate.

EARNINGS

	52 weeks ended		
	27 April 2014 (pence per share)	28 April 2013 (pence per share)	Change (%)
Reported EPS (Basic)	30.8	26.6	15.6
Underlying EPS	32.1	26.9	19.3
Weighted average number of shares (actual)	585,513,537	568,971,942	

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. Shares held in Treasury and the Employee Benefit Trust are excluded from this figure.

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 and minority interests is as follows:

	52 weeks ended	
	27 April 2014 (£m)	28 April 2013 (£m)
Profit after tax	180.2	151.7
Post tax effect of adjustment items:		
Profit on disposal of listed investments	(4.0)	-
Impairment of goodwill	0.3	2.2
Fair value adjustment to forward foreign exchange contracts	8.4	1.5
Realised gain on forward foreign exchange contracts	(1.4)	(1.8)
Profit on sale of intangible assets	-	(0.5)
Fair value adjustment within associated undertakings	-	(0.3)
Impairment of fixed assets	4.1	-
Underlying profit after tax	187.6	152.8

DIVIDENDS

The Board has decided not to propose a dividend in relation to FY14. The Board feels that it remains in the best interests of the Group to preserve financial flexibility, facilitating the pursuit of potential acquisition and other growth opportunities. The payment of dividends remains under review in future years.

CAPITAL EXPENDITURE

During the year, capital expenditure amounted to £69.1m (FY13: £49.8m), which includes expenditure on licences within intangible assets.

ACQUISITIONS

The Group made acquisitions during the year including the purchase of two European subsidiaries based in Austria and the Baltic region.

STRATEGIC INVESTMENTS

During the year the Group disposed of a small number of shares in JD Sports and Fashion plc but at year end continued to hold an 11.81% stake in JD Sports. The fair value of the Group's holding at 27 April 2014 was £104.9m (28 April 2013: £47.6m). During the year, 27,120 shares were sold, resulting in a gain on disposal of £0.3m.

The movement in the fair value of the shares held has been recognised directly in equity in accordance with IFRS. Following the year end the Group:

- Entered into a derivatives agreement which gives the counter-party the right to acquire JD Sports shares from the Group at a premium to the current market price; and
- Acquired a further 1,965⁽¹⁾ JD Sports shares.

(1) References to the number of shares are based on the shares outstanding prior to the recent JD Sports shares subdivision.

In January the Group acquired a 4.6% stake in Debenhams Plc. This stake was subsequently sold at a profit and the Group currently has a beneficial interest in a 6.6% stake in Debenhams via a derivative agreement.

CASH FLOW AND NET DEBT

Net debt increased by £58.0m from £154.0m at 28 April 2013 to £212.0m at 27 April 2014.

The analysis of debt at 27 April 2014 was as follows:

	27 April 2014 (£'m)	28 April 2013 (£'m)
Cash and cash equivalents	151.0	147.4
Borrowings	(363.0)	(301.4)
Net debt	(212.0)	(154.0)

The Group continues to operate comfortably within its banking facilities and covenants. The Group has recently signed a new £688m committed, unsecured revolving credit facility which will remain in place until September 2018.

CASH FLOW

Total movement is as follows:

	27 April 2014 (£'m)	28 April 2013 (£'m)
Underlying 52 week EBITDA	331.1	287.9
Realised profit on forward foreign exchange contracts	1.8	2.3
Taxes paid	(55.7)	(44.7)
Underlying 52 week free cash flow	277.2	245.5
Invested in:-		
Working capital and other	(110.1)	(131.2)
Purchase of own shares	-	(21.7)
Acquisitions (including debt)	(144.2)	(47.0)
Net of purchase of investments	(4.6)	1.5
Net capital expenditure	(69.1)	(49.8)
Finance costs and other financing activities	(7.2)	(6.1)
Increase in net debt	(58.0)	(8.8)

The increase in working capital is predominantly in inventory to support the growth of Sports Retail and the online business.

PENSIONS

The Group operates a number of closed defined benefit schemes in the Dunlop Slazenger companies. The net deficit in these schemes decreased from £19.9m at 28 April 2013 to £15.4m at 27 April 2014.

Dave Forsey
Chief Executive

17 July 2014

CORPORATE SOCIAL RESPONSIBILITY REPORT

Corporate Responsibility is central to our vision to be an industry leader. Our established Corporate Responsibility framework focuses on five key areas: Employees, Health and Safety, the Environment, Customers and the Community. Sports Direct has developed Key Performance Indicators (KPIs) to ensure we deliver on our commitments. These KPIs are further discussed in this report and in the Chief Executive's Report and Business Review, and are based solely on our UK operations, unless expressly stated.

EMPLOYEES

The loyalty and dedication of our employees has proven a key tool in the success that we have enjoyed. We invest in our employees by developing them with high standards of training and structured career progression plans. The Group requires high calibre individuals who share the Group's ethos.

Nurturing our employees and promoting them internally has been a tool which has been used in the Group for over 30 years. The success that can be achieved by this method is evidenced by a number of our senior management team. Our graduate internship programmes, which offer paid internships, permanent roles and payment of university fees, have helped to attract new talent.

Key Highlights:

Total employees (total Group): 28,000
Hours invested in training: 50,000*

*Excludes the recently acquired EAG & SIG

Attracting our People

Our Employee Bonus Share Schemes are utilised to attract, motivate and incentivise employees. We have found that creating a shared goal has improved employee satisfaction levels.

We reward the hard work of our employees with Employee Bonus Share Schemes. Our Employee Bonus Share Schemes are dependant on the achievement of pre-determined underlying EBITDA targets, as well as the satisfactory performance of the individual employees. The targets for the 2011 Employee Bonus Share Scheme are:

- 2012: Underlying EBITDA of £215m - **Achieved**
- 2013: Underlying EBITDA of £250m - **Achieved**
- 2014: Underlying EBITDA of £260m - **Achieved**
- 2015: Underlying EBITDA of £300m

Three out of four of the 2011 Bonus Share Scheme targets have already been achieved, and the fourth target is within reach. C.27 million shares in total vested under the 2009 Employee Bonus Share Scheme, and a further c.20 million shares are expected to vest under the 2011 Employee Bonus Share Scheme.

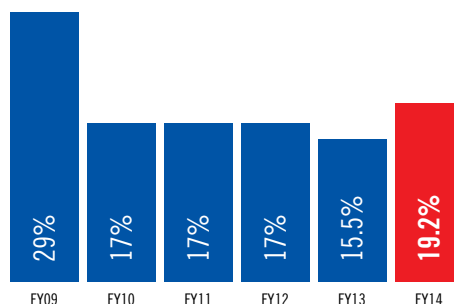
We are committed to employing the best possible people within the Group. In an effort to achieve this we offer a graduate internship programme. The eight-week programme offers graduates, covering key areas of the Group, the opportunity to complete projects within the Group and compete for prizes. The prizes include £10,000 in cash, payment of final year University fees, and the opportunity to work within the Group in a permanent role. The scheme is paid, with interns working on projects similar to those in a work environment. The programme ensures that we are bringing in new talent and the Group is constantly evolving with new ideas and ways of thinking.

Retaining our People

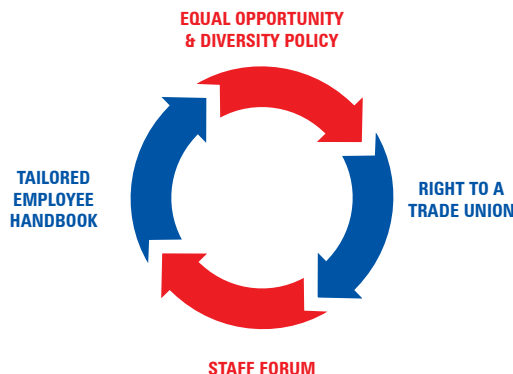
Employee satisfaction levels are constantly scrutinised by the Group, with employee retention indicators being reported to the Board in every Board Pack. The Group are all too aware that retaining experienced employees is crucial to its future success, and we attach a significant amount of weight to this key performance indicator.

During the year 19.2% of our UK employees have left the Group, an increase from 15.5% in FY13. The increase was expected to occur following the final vesting of the 2009 Employee Bonus Share Scheme. However the figure remains well below the levels prior to the implementation of the scheme.

SALARIED STAFF TURNOVER SINCE FY09



The Group also has several policies and systems in place to ensure employee welfare is monitored and maintained. These are laid out in the diagram below.



It is important to Sports Direct that all employees are engaged, and that they convey a consistent message to customers. Delivering effective induction training is key to this. Inductions are pivotal to the Group, and without these there is a risk that employees will not understand compliance issues and policies, resulting in poor customer service and lost sales.

Recently we have implemented a new, interactive induction programme for all employees, which ensures consistency and structure in foundation training. The training takes place through e-learning, and compliments the existing face to face training that we offer. This is the first in a planned suite of courses that will cover all aspects of the Company's activities. The responsive framework is aimed at being accessible on the go, and thus enables the course to be utilised on tablets, smartphones and desktop computers.

Developing our People

The newly developed e-learning programme has also been tailored to re-energise our existing employees in both the UK and Europe. The programme takes place through a new open-source framework called Adapt. It is one of the very first Adapt e-learning courses, leading the way in this innovative style of training.

Throughout the year we have focused on defining and delivering a competency framework to drive a more holistic approach to measuring performance and conducting our annual appraisals. This has been supported by the creation of Sports Direct 'Success Factors', which provide the behaviours that lead to great performance in individual job roles here at Sports Direct. They include qualities and skills that help people to be successful and drive our corporate strategy. More work will be done in the coming year to embed the framework into all our people practice, from recruitment through to training.

With the introduction of the new competency framework and appraisals, we have in turn created a new mechanism of identifying and developing our talent across the Group, thus supporting our internal succession planning. We have also worked on developing our recruitment website and processes to enhance our candidate journey from application through to induction. This ultimately improves our employer brand and our capacity to attract the right level of skill, ability and performance to the Group, to support our future growth plans.

Home Grown is a structured talent management programme which provides opportunities for talented employees to progress within the Group. The programme helps to retain talented employees and reduce external recruitment costs. Following the successful completion of the programme, exemplary employees will be offered key positions within the Group.

Diversity

Diversity within the Group is an essential asset, and at all times we try to ensure that our employees meet the diversity, cultures and values of our varied customer base. As the Group continues to expand into new countries and continents, we find that the local knowledge of our employees is an important factor towards our success. We aim to develop the skills of each of our employees in order that they all have opportunities to progress within the Group.

Our Board currently has a 14% female representation, with further details being shown on page 24. We are in the process of looking to recruit another female for the Board, although we consider that the necessary skills and experience are of paramount importance, with diversity being of lesser significance.

29% of our senior management team are female. While we appreciate that work could be done to ensure that the figure is more balanced, we are satisfied that the team possess the appropriate balance of skills and knowledge. As positions become available the necessary level of consideration will be given to ensuring diversity within the team.

48.1% of our overall UK employees are female, proving that discrimination for factors including gender will not be tolerated within the Group. The law is paramount when we recruit employees and we aim to ensure that both male and female candidates are provided with equal opportunities to apply for and work in all positions across the Group.

A breakdown of gender diversity within the Group:

	Male	Female
Directors	6	1
Other senior managers	32	13
All UK employees	14,643	13,577

Nike Training

Sports Direct works exclusively with Nike to offer Nike training and the Nike Graduate Scheme. The robust training programmes offered at our Shirebrook National Training Facility inform and train employees on product innovation and brand initiatives.

We remain a heavy user of Nike SKU (Sports Knowledge Underground), and continue to be one of the worldwide front runners in terms of percentage completion for a multiple door retailer. SKU provides another e-learning opportunity for the Sports Direct team, which allows the employee to gain some essential foundation knowledge on Nike products.

The foundation knowledge gained by our employees is taken one step further on the many Nike Training days held at the Shirebrook National Training Facility. The days are hosted by the Nike Experts and extend the knowledge gained from SKU to a higher level via interaction and involvement. The Nike Graduate scheme encourages those who attend the training day to transfer their learning to the in-store team. By doing so the Nike Graduates gain the recognition of becoming a Nike Graduate within their store.

adidas and Puma Training

We continue to work closely with both adidas and Puma to offer extensive training programmes to support in-store initiatives and products. The Puma training rooms at our Shirebrook campus have been utilised extensively since their opening in FY13. The training programmes have continued to support in-store initiatives and product launches.

Management Induction Training

All new and existing store managers have attended a two-week residential induction programme at our Shirebrook Head Office. The training equips them with the requisite skills for life in a Sports Direct store, and ensures that they have the knowledge to perform in conjunction with our highest standards. The programme consists of a mixture of shop floor-based training and classroom centred activities. Typical areas covered focus on merchandising, product training, administration, delivery process, Health and Safety, shop opening and closure processes, and retail business skills.

Management Development Training

Furthering the careers of our employees within the Group has been a key driver in our success. Our internal promotion programme is aimed at employees who aspire to progress into operational and managerial positions. An important part of the training consists of a five-day residential programme at our Shirebrook campus, which consists of a combination of trainer-led modules. The modules focus on operational training and the style and behaviour measures that form part of an employee's role. These cover areas such as communication, leadership, and decision-making.

Footwear Masterclass

Aimed at store managers responsible for the footwear department in their branch, the Footwear Masterclass is a three-day residential programme at our Shirebrook campus. Focusing on one of the key departments in a store, typical subjects covered include merchandising, staff efficiency, Health and Safety, best practice, and key policies and procedures.

CORPORATE SOCIAL RESPONSIBILITY REPORT

CONTINUED

HEALTH AND SAFETY

Sports Direct is committed to appropriate standards of Health and Safety. Our Board has ultimate responsibility for Health and Safety across the Group, and we regularly review our procedures to ensure that safety management is robust. The continued emphasis on training in the business has improved awareness of reporting and recording of incidents.

Key Figures:

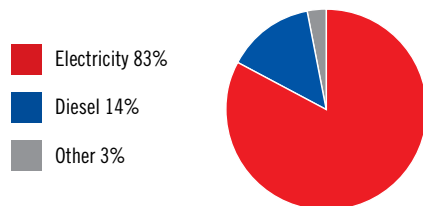
- No environmental prosecutions or work-related fatalities, however one fire safety prosecution
- In FY14, 1,419 (2013: 1,854) accidents were reported to Head Office, of which 85 (2013: 67) were reportable to the Health and Safety Executive
- 80% of accidents occurred in store and 20% were slips, trips and falls

ENVIRONMENT

We recognise that we have a responsibility to manage the impact our business has on the environment, and we are committed to reducing this both now and in the future. We continue to comply with the Government's Carbon Reduction Commitment, and have identified key areas where we can make a difference, in particular energy usage in our stores, transport and waste management.

We are continuously aiming to reduce our carbon footprint. The single most significant element is electricity, which makes up 83% of the footprint. The carbon footprint spread across all UK sites is detailed in the chart below.

Carbon Footprint Analysis 1 April 2013 - 31 March 2014



While the growth of our Company has increased the number of our stores and therefore the absolute GHG emissions, our chosen intensity ratio of electricity-related emissions per £m revenue of 0.9% has increased only slightly from our 2012 base, partly due to the inclusion of a number of newly acquired companies.

Greenhouse Gas (GHG) Emissions Reporting

Reporting period⁽¹⁾	1 April 2013 - 31 March 2014
Baseline year	FY12
Consolidation approach	Operational control
Boundary summary	All UK entities and facilities either owned or under operational control were included. Emissions from air conditioning and refrigeration units are excluded due to the cost of data collection. These are expected to be a negligible % of scope 1 emissions.
Consistency with financial statements	Only UK companies have been included in this assessment due to the significant changes and acquisitions in our European operations, where the data is currently not readily available.
Emission factor data source	Defra (May 2013)
Assessment methodology	The Greenhouse Gas Protocol and ISO 14064-1 (2006). We have used the 2013 UK Government's GHG conversion factors.
Materiality threshold	Materiality was set at Group level at 5%, with all UK facilities estimated to contribute >0.5% of total emissions included
Intensity ratio	Emissions per £m revenue

(1) The emissions declared are for the period 1 April 2013 – 31 March 2014 to be in line with the CRC Energy Efficiency Scheme.

Scope 1 GHG emissions are calculated based on the purchased quantities of commercial fuels using published emission factors. Scope 2 GHG emissions are primarily calculated from metered electricity consumption and published emission factors.

CO2 equivalent factors are used which ensures we have reported on all of the emission sources required under the Companies Act 2006 Regulations.

Year	2014
Scope 1 CO2e emissions	11,206
Scope 2 CO2e emissions	64,747
Total Scope 1 and Scope 2 CO2e emissions (Tonnes)	75,953
CO2e Emissions (Tonnes/£m)⁽¹⁾	36.8

(1) Not including non-UK revenue, in line with the CO2e emissions reported

This is the first year of mandatory reporting of this data. To provide analysis against the prior year we have shown comparative data for electricity-related emissions, which accounts for 83% of our GHG emissions in the current year. The table below details Electricity vs. Revenue and shows a pro rata increase of 5.5% across the year.

Year	2013	2014
CO2e Emissions from electricity (Tonnes)	52,577	63,393
CO2e Emissions from electricity (Tonnes/£m) ⁽¹⁾	29.4	30.7
Electricity vs. Sales Turnover Index (2012: 100)	97.0	101.5

(1) Not including non-UK revenue, in line with the CO2e emissions reported

Waste Reduction

We are actively reducing the amount of waste we send to landfill and segregate waste to ensure that we recycle as much as possible.

This year we recycled:

- 7,099 units of electrical equipment (2013: 6,425 units)
- 78 tonnes of waste paper (2013: 58 tonnes)
- 9,230 tonnes of cardboard (2013: 8,893 tonnes)
- 147 tonnes of metal (2013: 107 tonnes)
- 558 tonnes of plastic (2013: 508 tonnes)

All stores now use biodegradable carrier bags and provide the option of a "bag for life". This is actively promoted in-store through high levels of employee engagement.

Looking ahead, we will continue our commitment to minimise waste and improve energy efficiency across our stores.

CUSTOMERS

Customer service is at the forefront of our business. We aim to provide customers with an enjoyable experience both in-store and online and ensure all our products are safe and fit for purpose.

Monitoring customer satisfaction and responding to queries is a continuous process. All written complaints are recorded, including an analysis of the nature of the complaint so that trends can be assessed and appropriate action taken.

We have an online customer contact form that reduces the time it takes for our customers to contact us and increases the volume of contact. Online communication has reduced the amount of time it takes for us to respond to queries thereby increasing our service levels, while reducing the print and postage costs for both the Group and customers.

We are continuously working to improve customer service at all levels within the Group from the retail stores, Head Office and through to our website.

In partnership with Mind Gym, a customer service programme has been developed and rolled out to all Sports Direct stores. The concept of the programme is to engage, equip and inspire our employees to serve well and sell well. The programme has developed a 'Sales Through Service' concept, which consists of five main principles (STARS):

SMILE TALK ASK RECOMMEND SALE

The programme has been rolled out to all store managers through a seminar and supporting documents to further the learning experience. Since its inception we have received positive feedback from those who have attended.

COMMUNITY

Supply Chain

We are committed to responsible business practices in our own business and within our supply chain. We continue to procure merchandise from manufacturers who have proved to uphold ethical employment and trading practices, and we have a strict Code of Ethics that we require every supplier to adhere to. The code provides for the fair treatment of workers, ensuring a safe environment in accordance with the local and national laws where workers are treated with respect and paid fairly for what they do. The code also ensures there is no child labour and no use of illegal means or materials in the production of goods.

We have longstanding relationships with our suppliers who have demonstrated that their work practices are consistent with Sports Direct's standards. Approximately 40% of our current suppliers have been working with the Company for 10 years or more.

We have worked with two leading supply chain companies in Singapore and South Korea for a number of years. Using their local knowledge and experience helps benefit the business and the communities in which they operate. Both businesses have the highest social and business ethics code which aligns with our own Code of Ethics, the BSCI Code of Conduct (which is based upon the United Nations Declaration of Human Rights) and the Social Accountability 8000 (SA8000) Code.

Sports Direct relies on those supply chain companies to inspect the premises of all suppliers and manufacturers. Frequent inspections are carried out randomly to ensure that goods meet our quality standards as well as assessing continued compliance with SA8000 and our Code of Ethics. We cease immediately to work with suppliers who do not meet our criteria.

We comply 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 ensure that banned chemicals are not being used.

Charity

Sport is our passion. We believe that everyone should have a chance to participate in sports and enjoy the health and lifestyle benefits it brings. We provide a wide range of equipment and clothing to promote sports participation amongst people of all abilities, including those who would not normally have access to equipment and facilities.

Slazenger 'Chance to Shine'

Slazenger is the exclusive cricket equipment supplier to the country's most recognised grassroots cricket development programme, 'Chance to Shine supported by Brit Insurance'. Each project provides structured coaching and a competition programme for a group of schools who would not have otherwise had the chance to participate in the sport.

By 2013, the programme had reached one third of all primary and secondary schools amounting to almost 7,000 schools and has supported two million young people, almost half of whom are girls. Over £600,000 worth of cricket equipment has been supplied by Slazenger to enable the programme to run successfully.

Dunlop

Dunlop works together with its sponsored professional golfers Lee Westwood and Darren Clarke to supply clothing to their 'golf schools'. These are junior player development schemes which provide qualified coaching and mentoring to youngsters.

Over £40,000 worth of clothing has been provided through sponsorship to the schemes so far.

Lonsdale

Lonsdale is the Official Equipment and Fight Sports Apparel Supplier for all three individual armed services in the UK consisting of the RAF, the Army and the Royal Navy. Product to the value of £10,000 is provided each year and used in competitions.

At a grassroots level, Lonsdale is also a sponsor of the Amateur Boxing Association's junior and school boy finals and provides 100 pairs of golden gloves, worth £2,500 to the finalists.

Everlast

Everlast supports a variety of organisations throughout the year, including both sports-oriented and charitable programs. A long-standing supporter of the most prestigious amateur boxing competition in the US; the New York Golden Gloves, Everlast is the official fight glove and apparel sponsor. The organisation celebrated its 87th year in April and for the first time honoured 12 past greats with induction into the inaugural Hall of Fame class.

Everlast provides support to the Dr. Theodore A. Atlas Foundation, a non-profit organisation providing financial assistance to individuals and programs in need with a focus on youth. In 2013, Everlast provided \$3,000 to assist their youth programming.

Since 2006, Everlast has also served as a proud supporter of The Breast Cancer Research Foundation® (BCRF). Each year, Everlast donates a portion of the sale proceeds from selected pink products to help the foundation provide funding for clinical and genetic research. Last year, Everlast donated \$116,342 to BCRF's research efforts to find a cure.

Antigua Group

Also in the US, the Antigua Group has been a consistent supporter of a number of charitable efforts, including: The Salvation Army, Men Against Prostate Cancer, and The Phoenix Children's Hospital.

The Antigua Group also provides significant support for Junior Golf in Arizona. Junior player initiatives include the Junior Golf Association of America, "Girls Golf" through the LPGA Foundation and The Antigua National High School Golf Invitational.

The Strategic Report was approved by a duly authorised Committee of the Board of Directors on 17 July 2014, and signed on its behalf by:

Dave Forsey

Chief Executive

THE BOARD

● Audit Committee ● Nomination Committee ● Remuneration Committee

DR KEITH HELLAWELL QPM ● ●**Non-Executive Chairman, Chairman of Nomination Committee****Appointed:** 24 November 2009

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

Present Roles: Dr Hellawell 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 Veolia Env. Dr Hellawell is currently a Non-Executive Director of Mortice plc, a Singapore-based facilities management company and a Director of the Super-League team Huddersfield Giants. 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 also runs his own management and training consultancy company.

Key Skills/Strengths: 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 which he brings to the Group to ensure the successful and effective operation of the Board.

MIKE ASHLEY**Executive Deputy Chairman****Appointed:** 1982 (founder)

Previous Roles: Mike established the business of the Group on leaving school in 1982 and was the sole owner until the Group's listing in March 2007.

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

DAVE FORSEY**Group Chief Executive****Appointed:** 1984

Key Skills/Strengths: Dave has been with the business for over 30 years, during which time he has acquired significant knowledge and experience of the sports retail business. In conjunction with the Deputy Chairman, he agrees strategy, appropriate objectives and policies for each of the businesses. Dave has overall responsibility for the daily management of the Group.

BOB MELLORS**Group Finance Director****Appointed:** 2004**Retired:** 31 December 2013

Previous Roles: A graduate in Economics, Bob 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.

Key Skills/Strengths: Bob qualified as a Chartered Accountant with PriceWaterHouseCoopers and has extensive financial experience. Bob has extensive knowledge of Mergers and Acquisitions.

SIMON BENTLEY ● ● ●**Senior Independent Non-Executive Director, Chairman of Audit Committee****Appointed:** 02 March 2007

Previous 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.

Present Roles: Simon chairs and is on the board of a range of companies and organisations. Among these, he is Chairman of the hair brand Umberto Giannini, is the principal owner and Chairman of the leading mobile ATM operator Cash on the Move, and is Chairman of Yad Vashem – UK Foundation.

Key Skills/Strengths: He has lengthy experience of the sporting goods industry.

DAVE SINGLETON ● ● ●**Non-Executive Director, Chairman of Remuneration Committee****Appointed:** 27 October 2007

Previous Roles: Dave spent 25 years with Reebok International Limited. He stepped down in April 2007 having assisted with the successful integration of Reebok following its acquisition by adidas Group in January 2006. For eight years he was Vice President of Northern Europe Region & UK and then was Senior Vice President of Europe, Middle East & Africa.

Present 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 ● ● ●**Non-Executive Director****Appointed:** 31 March 2011

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

Present Roles: Charles currently holds Non-Executive Director positions at Ryanair Holdings plc, Sentenial Limited, Celsius Funds plc, Grove Limited and Barchester Holdco (Jersey) Limited.

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

CLAIRE JENKINS ● ●**Non-Executive Director****Appointed:** 25 May 2011

Previous Roles: Claire's most recent Executive role was as Group Director Corporate Affairs and a member of the Executive Leadership Team, responsible for the company's sustainability and communications activities, at Rexam plc, a leading global beverage can maker. Prior to that, she 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. Claire has also gained corporate experience in various consulting roles and at Laing & Cruickshank, and as a Non-Executive Director of Retro Classics Fund.

Present Roles: Claire is Chairman of Amicus, and a Non-Executive Director of Media For Development.

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

DIRECTORS' REPORT

The Directors of Sports Direct International plc present their Annual Report and Accounts for the year ended 27 April 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Chief Executive's Report on pages 13 to 17 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 table 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 18 to 19. The Corporate Responsibility Report on pages 20 to 23 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 of the Group's principal activities is set out in the front of this document and in the Chief Executive's Report on pages 13 to 17.

RESULTS FOR THE YEAR AND DIVIDENDS

Revenue for the 52 weeks ended 27 April 2014 was £2,706.0m and profit before tax was £239.5m compared with £2,185.6m and £207.2m 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 Business Review and in the Financial Review on pages 13 to 17 and 18 to 19 respectively.

The Board has determined 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 63 of the financial statements.

Details of Executive and employee share schemes are also set out on page 63. No votes are cast in respect of the shares held in the Employee Benefit Trust and dividends would be waived.

There are 640,602,369 ordinary shares of 10p in issue and fully paid of which 42,137,508 are currently held in Treasury.

There are no specific restrictions on the transfer of shares, which are governed both by the general 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 £19,948,829 (being approximately one third of the then issued share capital) for the period expiring at 10 September 2014, the date of the next 2014 Annual General Meeting.

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 £39,897,658 (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 £2,992,324 (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 other 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 59,846,486 representing 10% of the Company's issued ordinary share capital at the 2013 Annual General Meeting. The above authority expires at the close of the next Annual General Meeting of the Company.

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 has entered into a Relationship Agreement with the Company. Under the terms of the Agreement Mike Ashley undertook 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 sells 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.

The Company has been advised that the following parties had a significant direct or indirect shareholding 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 ⁽¹⁾	345,400,000	57.71%	Direct
Odey Asset Management ⁽²⁾	47,939,325	8.01%	Indirect
Black Rock ⁽³⁾	31,092,347	5.20%	Indirect

(1) MASH Holdings Limited is wholly-owned by Mike Ashley. These figures are as at 17 July 2014.

(2) Odey Asset Management indirectly held 4,171,529 shares in a contract for difference account. These figures are as at 28 January 2014, being the last date on which the Company was notified of a change of the percentage of shares held by Odey.

(3) Black Rock indirectly held 4,956,303 shares in a contract for difference account. These figures are as at 02 June 2014, being the last date on which the Company was notified of a change of the percentage of shares held by Black Rock.

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.

CONTRACTS ESSENTIAL TO THE BUSINESS OF THE COMPANY

The Chief Executive's Report on pages 13 to 17 details information about persons with whom the Group has contractual or other arrangements and are deemed essential or material to the business of the Group.

TAKEOVERS

The Directors do not believe that 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 Group on the Directors' bonus and share schemes are set out in the Director's Remuneration Report on pages 33 to 40.

EMPLOYEE SHARE SCHEMES

Details of the Executive Bonus Share Schemes are set out in the Directors' Remuneration Report on page 34 and details of the Employee Bonus Share Schemes on page 20 of the Corporate Social Responsibility Report.

DIRECTORS' REPORT

CONTINUED

EMPLOYEE INVOLVEMENT

The Group currently employs c.28,000 employees in our stores, offices and warehouses. The contributions that employees have made to the Group's accomplishments have played a vital role, and the overwhelming dedication shown has been the deciding factor in encouraging the Group to propose a third Bonus Share Scheme.

The 2009 Employee Bonus Share Scheme vested in August 2012 and 2013. The 2011 Employee Bonus Share Scheme is currently underway and three of the requisite underlying EBITDA targets have been achieved, with one target remaining.

The 2015 Bonus Share Scheme has recently been approved by shareholders at a General Meeting which took place on 2 July 2014. The EBITDA targets for the Scheme are extremely stretching, and span from FY16 to FY19. Unlike previous schemes participation for the Scheme is more wide-reaching, being open for both employees and Executive Directors to take part.

Employees are notified of announcements and major changes in the business via Company news emails, noticeboard announcements and information transmitted through line managers. Employee training programmes and our annual conference allows employees an opportunity to increase their knowledge of the Group, learn about the Groups' objectives for the future, understand the brands and engage with one another.

Further information on relationships with employees can be found in the Corporate Social Responsibility Report on pages 20 to 21.

EQUAL OPPORTUNITIES

The Group's policy for employees and all applicants for employment is to match the capabilities and talents of each individual to the appropriate job. Factors such as gender, race, religion or belief, sexual orientation, age, disability or ethnic origin should be ignored and any decision which is made with regard to candidates should be irrespective of these. Discrimination in any form will not be tolerated under any circumstances within the Group.

Applications for employment by disabled persons are given full and fair consideration for all vacancies, and are assessed in accordance with their particular skills 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 where current employees become disabled. Attempts are made in every circumstance to provide employment, whether this involves adapting the current job role and remaining in the same job, or moving to a more appropriate job role. Job retraining and job adaptation are just two examples of how the Group works in the interests of employees to promote equal opportunities in order that the employee's employment within the Group may continue. The Group values the knowledge and expertise that employees have gained throughout their employment with us, and therefore does not wish to lose valued employees.

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 donations of £146,569 (2013: £25,132) in the UK. No political donations were made (2013: nil). There have been a number of further donations of sporting equipment made to worthy causes, and these are set out on page 23.

DIRECTORS

Details of current Directors, dates of appointment, their roles, responsibilities and significant external commitments are set out on page 24.

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 2012 UK Corporate Governance Code and at each Annual General Meeting all of 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 27 April 2014 and at the date of this Report is shown in the Directors' Remuneration Report on page 39.

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 the Executive Directors holding directorships of subsidiary companies of the Group).

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 Group have granted the Directors with Qualifying Third-Party Indemnity provisions within the meaning given to the term by Sections 234 and 235 of the 2006 Act. This is in respect of liabilities to which they may become liable in their capacity as Director of the Company and of any Company within the Group. Such indemnities were in force throughout the financial year and will remain in force.

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting will be held on 10 September 2014 at Unit D, Brook Park East, Shirebrook, NG20 8RY. The Meeting will commence at 3.00pm. The Board encourages shareholders to attend and participate in the meeting.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 13 to 17.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 18 to 19. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group is profitable, highly cash generative and has considerable financial resources. The Group is able to operate comfortably within its banking facilities and covenants, which run until September 2018, and is well placed to take advantage of strategic opportunities as they arise.

As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

The Group's forecast 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 42 detailing their reporting responsibilities. The Directors fulfil their responsibilities and these are set out in the responsibility statement on page 41.

AUDITOR

Grant Thornton UK LLP have expressed a willingness to continue in office. In accordance with Section 489 (4) of the Companies Act 2006, resolutions to determine remuneration are to be agreed at the Annual General Meeting.

By Order of the Board

Cameron Olsen
Company Secretary

17 July 2014

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 2012 for the year ended 27 April 2014.

During the year the Board undertook an external evaluation by an independent consultant, to facilitate an accurate assessment. The external evaluation was also aimed at assisting in the adoption of best practices wherever possible, and ensures that the Board have complied with the framework provided in the Corporate Governance Code. Aspects assessed during the evaluation included decision making, strategic debate and risk management.

I have found that the culture and values of the Board are imperative for the purposes of good corporate governance. The Board were more than willing to assist the evaluator and the results of his evaluation were positive. Further information on the external evaluation can be found on page 29.

Throughout FY14 we have spent a great deal of time considering how to achieve Lord Davies' target of 25% of board members being female by 2015. The culture of the Group is to promote internal training and progression, and ideally we would like to see our female members of management promoted up to Executive Board levels as and when vacancies arise. Our Board is extremely diverse and the members' mutual trust and understanding has been vital to the difficult decisions that they have reached. It is essential that any new member of the Board possesses the necessary qualities in order to constructively challenge opinions and fit in with the Board's attitude.

The Group's strategy includes further international expansion, both in-store and online. We are aware that online is an important growth opportunity and we continue to invest in infrastructure and people to protect our online business. As online penetration grows, the vulnerability of transactional websites is an issue for all online retailers. Expertise in such a rapidly evolving area is also recognised and valued by the Board.

The Board work together and individually to follow the Group's strategy and further the interests of our shareholders. The clear leadership by the Board and senior management team has had a positive impact on the performance of the Group and the corresponding share value.

Key topics of discussion throughout the year have included bonus share schemes, legal matters, appointments of key individuals and corporate governance matters. Additional details of the Group's strategy can be found on page 8.

Ways in which the Board have furthered the interests of shareholders during the year include meeting with major investors to discuss our corporate governance procedures, and discussing the qualities required for the Company Secretarial and Finance Director positions. The appointment of our Head of Legal in the Company Secretariat role has ensured that there is a clear flow of information between the two departments, and that the Board are fully informed of material legal matters within the Group as they arise. An external search consultancy was not used for the appointment as it was concluded that the Head of Legal already had the requisite knowledge of the Group in order to be best suited to the appointment. An external search consultancy has been engaged for the recruitment of the Finance Director role. The consultancy that have been engaged do not have any interest or formal connection with the Group.

As well as holding full Board and Committee meetings, Non-Executive meetings have also taken place throughout the year. The Non-Executive meetings allow the Non-Executive Directors to discuss a range of issues without the influence of the Executive Directors. The Senior Independent Non-Executive Director, Simon Bentley, also facilitates the independence of the Board. Amongst his powers, he is able to add items to meeting agendas and he is vocal in ensuring a balance in the

powers of the Board. During the year one meeting has been held solely for the Non-Executives in the absence of the Chairman. This has enabled the Non-Executives to discuss a range of matters with the Senior Independent Non-Executive Director.

As a major employer in the UK we are constantly looking for new talent to join the Group. During the year we have attracted new employees, with fresh ideas, by offering an employee internship scheme. The scheme is paid and offers interns the opportunity to work towards cash rewards and permanent roles. The scheme has already commenced for FY15, extending its remit and now offering internships for up to 90 people in three key areas of the Group. Further details on the scheme can be found on page 20.

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The overall responsibility for the Group's risk management and internal controls systems sits with the Board. This is an on-going process which relates to the identification, evaluation, management and monitoring of significant risks. This complies with the UK Corporate Governance Code.

The Board is subject to the latest Corporate Governance Code, which was issued in September 2012. The main principles of the Code are:

Leadership Effectiveness Accountability Remunerations Relations with Shareholders

The Board has reviewed the Company's corporate governance processes and policies, and has concluded that during the 52 weeks ended 27 April 2014 (the year) the Company complied with the provisions of the Code.

THE BOARD

The Board consists of a Non-Executive Chairman, Keith Hellawell, the Executive Deputy Chairman, Mike Ashley, one other Executive Director, and four further Non-Executive Directors. The names, skills and short biographies of each member of the Board are set out on page 24.

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 Group 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 Group will be discussed. The Board will meet on other occasions as and when the business demands. During the year the Board met on 10 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, 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.

CORPORATE GOVERNANCE REPORT

CONTINUED

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.

In an effort to secure the long-term future of the Group, the Board have created a high performance culture within the Group by devising Employee Bonus Share Schemes as well as a share scheme for senior members of management.

It is the responsibility of the Directors to ensure that the accounts are prepared and submitted. Having assessed the current Annual Report, along with the accounts, the Directors confirm that, taken as a whole, they are fair, balanced and understandable. The Directors authorise that these documents provide the necessary information in order for shareholders to assess the Group's performance, business model and strategy.

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
- Overall responsibility for internal control and risk management as described on pages 29 to 30

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 that the Directors receive accurate, timely and clear information.

The Chairman officiates effective communication with shareholders and ensures that the Board understands the views of major investors, and 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 57.7% of the issued share capital of the Company (excluding treasury shares). This agreement is described in the Directors' Report on page 25.

The Chief Executive is responsible for the running of the Group's business for the delivery of the strategy, leading the management team and 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 role of the Non-Executive Directors is to understand the Group in its entirety 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 thorough 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 page 24.

Before accepting new appointments Non-Executive Directors are required to obtain approval from the Chairman, and the Chairman requires the approval of the whole Board. It is essential that no appointment causes a conflict of interest or jeopardises the Non-Executive 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 2012 UK Corporate Governance Code.

Each year the Board evaluations consider the independence of each Board member. The most recent evaluations did not highlight any Directors who lacked independence. Although the Board have remained constant for some time, the longest-serving member of the Board has been with the Board for seven years, this being less than the nine year period after which independence is questioned.

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 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.

Executive and Non-Executive Directors - Re-election

The Group complies with the 2012 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 2014 Annual General Meeting 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 2014 Annual General Meeting.

Non-Executive Director Charles McCreevy has informed the Board that he will not stand for re-election at the 2014 Annual General Meeting. His retirement will therefore become effective at the conclusion of the Annual General Meeting.

Details of Executive Directors' service contracts, and of the Chairman's and the Non-Executive Directors' appointment letters, are given on pages 36 to 37. Copies of service contracts and of appointment letters are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

Executive 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.

The evaluator that was selected by the Board was NJMD Corporate Services Limited, which is a specialist consultancy led by Nigel Davies.

BOARD COMMITTEES

To assist the Board with their duties, there are three principal Board Committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee. 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. The Board is satisfied that currently no one Director exercises a disproportionate influence.

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Keith Hellawell	10/10	3/3 ⁽¹⁾	4/4	1/1
Mike Ashley	4/10	-	-	-
Simon Bentley	10/10	3/3	4/4	1/1
Dave Forsey	10/10	3/3 ⁽¹⁾	4/4 ⁽¹⁾	1/1 ⁽¹⁾
Dave Singleton	10/10	3/3	4/4	1/1 ⁽¹⁾
Claire Jenkins	8/10	3/3	4/4	1/1 ⁽¹⁾
Charles McCreevy	8/10	3/3	3/4	1/1
Bob Mellors ⁽²⁾	3/10	1/3 ⁽¹⁾	2/4 ⁽¹⁾	-

(1) A number of Audit Committee, Remuneration Committee and Nomination Committee meetings were attended by Board members who were not members of the Committees. The Board members concerned attended these meetings at the invitation of the Committee members.

(2) Meetings attended by Bob Mellors up until his retirement on 31 December 2013.

During the year the additional Board meetings were also held in order to attend to urgent matters which arose between scheduled meetings. Following unscheduled meetings all absent members of the requisite Committees subsequently reviewed and endorsed the decisions made. This ensured that all members could have their thoughts recorded, even though they weren't available during the meeting itself.

There were a number of meetings throughout the year which were solely for Non-Executives. Meetings also took place which were attended by Non-Executives, although the Non-Executive Chairman was not able to attend. These meetings enabled the Non-Executives to discuss matters which they perhaps could not discuss with the Executives and/or the Non-Executive Chairman present.

AUDIT COMMITTEE

Dear Shareholder,

I am pleased to present the Audit Committee Report for the 52 weeks ended 27 April 2014.

The Audit Committee has an important role to play in effective reporting to our stakeholders and ensuring high standards of quality and effectiveness in the external audit process and this year has seen the introduction of many changes to corporate reporting.

This report provides an overview of:

- what the Committee has done during the year, and what is planned for 2015
- how it has assessed the effectiveness of the external auditors, including ensuring their independence; and
- the Committee's opinion on the Annual Report when viewed as a whole.

Membership

The Audit Committee comprises me as Chairman, and all of the independent Non-Executive Directors. Biographical details of each member are shown in the Board of Directors' profiles on page 24. All of the members of the Committee are considered independent.

Meetings

The Committee met three times during the year and attendance at those meetings is shown on page 29 within the Corporate Governance Report. At the invitation of the Committee members, the Group Chairman, Chief Executive and Finance Director attend Committee meetings, as do the external auditors. After each of its meetings, we met with the external auditors, in each case without the presence of Executive Directors or management. In addition I meet with the auditors as and when it is needed.

The main responsibilities of the Audit Committee include:

- 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.
- Reporting to the Board on how it has discharged its responsibilities.

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, presentations and the financial statements.

Internal Controls

As one of the fastest-growing retailers with a rapidly expanding overseas and internet operations, we have many complex operational risks to manage.

The internal audit reviews led by the long established Retail Support Unit have led the way, through their audits across the retail operations each year, in providing comfort over the efficiency of controls over the operational procedures and systems which help to generate and report the numbers within the financial statements, and will continue to do so.

We are, however, conscious of the rate of growth and complexity taking place and have therefore recently appointed BDO as internal audit advisers. BDO have specialists experienced in auditing the strategies and plans put in place to mitigate risks to further strengthen the control environment.

BDO will conduct a review of our key risks and develop a strategic audit plan to provide assurance to the Audit Committee regarding the management of these key risks over the next three to five years. This plan will be presented to the Audit Committee for approval and agreement of a detailed annual programme.

CORPORATE GOVERNANCE REPORT

CONTINUED

The Committee has delegated responsibility from the Board for considering operational, financial and compliance risks on a regular basis. Information on the Group's approach to internal control and risk management is set out in the Corporate Governance Report on pages 27 to 32.

External auditors

On an annual basis, the 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 consider the level of service provided by the auditors and their independence.

The Committee has recommended the reappointment of Grant Thornton UK LLP for FY15. The Committee took a number of factors into account in its assessment including but not limited to:

- the quality and scope of the planning of the audit in assessing risks and how the external auditors planned to evolve the audit to respond to changes in the business;
- the quality and timeliness of reports provided to the Committee and the Board;
- the level of understanding demonstrated of the Group's businesses and the retail sector;
- the objectivity of the external auditors' views on the controls around the Group and the robustness of challenge and findings on areas which required management judgement.

The Committee's view following this assessment was positive in relation to their evaluation of the work of the external auditors and they felt that high standards had been maintained.

After taking into account all of the above factors, the Committee concluded that the external auditors were effective.

The Committee believes their independence, the objectivity of the external audit and the effectiveness of the audit process is safeguarded and remains strong. This is displayed through their robust internal processes, their continuing challenge, their focused reporting and their discussions with both management and the Audit Committee.

To maintain the objectivity of the audit process, 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 one year. Under the Corporate Governance Code 2012, audit services must be put to tender at least every ten years or else we must explain why we have not done so. Our current auditors, namely Grant Thornton UK LLP, have been in place since the listing in February 2007.

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

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.

Reviewed accounting policies, presentations and the financial statements

Following the revision to the UK Corporate Governance Code, which applies to financial years commencing on or after 1 October 2012, the Board asked the Committee to advise on whether the annual report and financial statements, taken as a whole, were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's business model, strategy and performance. The Committee reviewed the process for preparing the annual report and accounting statements. This process included the following key elements:

- Review of new regulations and reporting requirements with external advisers to identify additional information and disclosures that may be appropriate
- Preparation of a detailed timetable and allocation of drafting responsibility to relevant internal teams with review by an appropriate senior manager
- Provision of an explanation of the requirements of "fair, balanced and understandable" to those with drafting responsibility
- Monitoring of the integrity of the financial statements and other information provided to shareholders to ensure they represented a clear and accurate assessment of the Group's financial performance and position
- Review of significant financial reporting issues and judgements contained in the financial statements
- Review of all sections of the report by relevant external advisers
- Review by senior manager working group responsible for the annual report process
- Interim progress review of process and report content with the Audit Committee
- Review of a paper presented to the Committee which set out to review the contents of the annual report and substantiate why it provided a fair, balanced and understandable view of the year under review

The Committee reviewed the Annual Report and has confirmed it is fair, balanced and understandable.

Financial reporting

The Committee's review of the interim and full year financial statements focused on the following areas of significance:

- **Acquisition accounting** - the Committee provided a robust challenge to management over the judgments formed in respect of the accounting for the acquisition of EAG and SIG during the year including the assessment of the fair values of the assets and liabilities acquired. The Committee is satisfied that the related disclosures appropriately reflect these assessments, as well as the underlying strategic rationale
- **Intangibles impairment assessment** - the Committee considered the key judgements including the discount rate, long-term growth rate, and the projected future cash flows of each cash-generating unit to which goodwill is allocated, based upon financial plans approved by the Board. The Committee is satisfied with the methodology and assumptions used, and the conclusion that the Group's intangible assets are not impaired
- **Carrying value of inventory** - the Committee has reviewed management's paper setting out the basis on which the inventory provision is calculated and is satisfied with the reasonableness and consistency of model applied and that stock is held at the lower of cost and net realisable value

The Audit Committee are satisfied with the level of rigor applied by the external auditors in addressing these areas as part of the audit procedures.

Looking ahead to FY15, with the further assistance that can be expected following the appointment of BDO as internal auditors, the Audit Committee will ensure appropriate internal control procedures are in place as the Group continues to grow.

Simon Bentley

Chairman of the Audit Committee and Senior Independent Non-Executive Director

17 July 2014

REMUNERATION COMMITTEE

Directors who served on the Committee during the year were:

Dave Singleton (Chairman)
Simon Bentley
Keith Hellawell
Charles McCreedy
Claire Jenkins

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 Corporate Governance Code whilst meeting shareholder and employee expectations. All members of the Committee are Non-Executive Directors and are considered independent.

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.
- Determining the levels of remuneration for the Chairman and each of the Executive Directors.
- Monitoring the remuneration of Senior Management and making recommendations in respect thereof.
- Agreeing 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 33 to 40.

What has the Committee done during the year?

- Reviewed Executive remuneration to include salaries and bonuses.
- Reviewed and approved the Directors' Remuneration Report contained on pages 33 to 40.

Full details of Directors' remuneration can be found in the Remuneration Report on page 38.

Dave Singleton
Chairman of the Remuneration Committee
17 July 2014

NOMINATION COMMITTEE

As Chairman of the Nomination Committee, I lead the process for the appointment of new Board members, with the overall decision being that of the Board. We have seen a change in the Board over the course of the year following the resignation of Bob Mellors due to ill health. Bob had been with the Group for almost 10 years when he resigned and the knowledge that he had amassed during that time was invaluable. The loss of Bob by the Group has left a knowledge gap in the Board which will be difficult to replace.

There are a number of factors that must be taken into account when considering Board appointments, including age, ethnicity and nationality. Although the targets for diversity of the Davies Report must be awarded appropriate recognition, so must the requirements of the Group. The Group's expansion into new markets with differing customer bases must be awarded appropriate consideration upon appointing new Board members, with any new appointee requiring knowledge of the challenges involved in breaking into new markets and an awareness of the changing business landscape.

There is a strategy within the Group for improving the gender imbalance of the Board, and it is our overall aim to nurture our in-house talent. However we are open to recruiting external Board members where specific knowledge cannot be found in-house. We aim to attract the most number of recruits by utilising a number of different recruitment methods including head hunters, word of mouth and advertising.

Members of the Nomination Committee during the year were:

Keith Hellawell (Chairman)
Simon Bentley
Dave Singleton
Charles McCreedy

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, although met informally on a number of further occasions in order to discuss the appointment of a replacement Finance Director. All of the Nomination Committee members are Non-Executive Directors and considered independent.

The responsibilities of the Nomination Committee include:

- 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 composition of that Committee and a description of its terms of reference are set out on the Sports Direct International plc website.

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

Dr Keith Hellawell QPM
Chairman of the Nomination Committee and Chairman of the Board
17 July 2014

CORPORATE GOVERNANCE REPORT

CONTINUED

UK BRIBERY ACT

The Group has an approved policy in place which was created following the introduction of the UK Bribery Act. As a result of the Act, all policies and procedures have been reviewed to ensure that they comply with the Act and measures are in place to prevent employees accepting bribes.

BUSINESS MODEL

Our business model, which sets out the basis on which the Company generates or preserves value over the longer term, and the strategy for delivering the objectives of the Company, can be found at pages 7 and 8.

WHISTLE-BLOWING

There is a formal whistle-blowing policy in place for employees who wish to raise issues or concerns relating to the Group's activities on a confidential basis.

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 when shareholders have the opportunity to ask questions.

The Chairman and the Chief Executive 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.

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

During the year members of the Board and senior management have met with shareholders in order to discuss their questions and concerns. The meetings have been considered an opportunity not only to recognise the views of shareholders, but also for shareholders to fully understand the premise of the business. The shareholder meetings that have taken place throughout the year include face to face Non-Executive Director Meetings, telephone discussions, regional visits and overseas visits.

REMUNERATION

The Remuneration Committee is responsible for determining and reviewing remuneration policy and setting remuneration levels. See Remuneration Report on pages 33 to 40.

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 Non-Executive Director. Any other employees with 'insider information' must gain the consent of the Chief Executive or Company Secretary before dealing in the Group's shares.

Details concerning the share capital structure of the Company can be found in the Director's Report on pages 25 to 26.

RISKS AND UNCERTAINTIES

The key features of the Group's system of internal control and risk management systems in relation to the financial reporting process and the preparation of the Group accounts are set out below or cross-referred to other parts of the Annual Report where relevant.

The Board of Directors has overall responsibility for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and for maintaining sound risk management and internal control systems, and for reviewing their effectiveness. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failures to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

ASSESSMENT OF BUSINESS RISK

A system to identify, assess, and evaluate business risk is embedded within the management processes throughout the Group. Strategic risks are regularly reviewed by the Board. Risks relating to the key activities within the subsidiary operating units are assessed continuously.

Further details of the risks and uncertainties relating to the Group's business, and how the Group seeks to mitigate these, can be found on pages 10 to 12.

By Order of the Board

Cameron Olsen
Company Secretary

17 July 2014

DIRECTORS' REMUNERATION REPORT

STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I am pleased to present our report on the remuneration strategy and policy of the Company at the end of yet another very successful year. We firmly believe that this continued success is strongly connected with the introduction of our Employee and Executive Bonus Share Schemes in 2009 and 2011. The schemes are designed to recognise and reward outstanding performance and have clearly driven shareholder value.

New regulations have come into effect which impact the presentation and disclosure of Directors' remuneration, and the lay-out of this report reflects those new regulations. This report is, therefore, presented in two sections: the Annual Report on Remuneration and the Directors' Remuneration Policy.

The Annual Report on Remuneration provides details on the amounts earned in respect of the year ended 27 April 2014 and will be subject to an advisory vote at the AGM. The Directors' Remuneration Policy sets out the forward-looking remuneration policy that will be subject to a binding vote at the AGM and shall take binding effect from the end of the Company's 2014/15 financial year.

The Remuneration Policy of the Company is aligned to its commercial strategy for long-term, consistent and profitable growth. The remuneration package for Senior Executives is highly weighted towards performance-related remuneration, paid mostly in shares, and its design is consistent with the reward philosophy for the wider employee population. This strategy is reflective of an extremely strong Executive and employee performance culture and a reward ethos of "One Team".

The Company philosophy is that Executive remuneration should be simple, transparent and directly support the delivery of the business strategy and shareholder return. The Executive Directors' basic salaries have been deliberately set at a level well below the lower quartile of a business of the size and complexity of the Group. Indeed these salaries have remained the same since 2002 and again will not increase in 2014/15. Also, the Senior Executives currently enjoy no additional benefits from the Company.

The Executive Directors do not receive an annual bonus. Rather, to drive sustained long-term business performance, instead of granting smaller awards on an annual basis, larger upfront awards are granted which only vest if significant and consistent growth is delivered year on year. Annual performance targets which must be hit ensure a focus is maintained on a consistent and long-term profitable growth strategy. The extended time horizon for vesting of awards for the 2011 Executive Bonus Share Scheme is six years (in 2017).

Clear, published and stretching annual performance targets must be fully satisfied before any of the share awards vest. Aligned to the Company's high performance culture, the Employee and Executive Bonus Share Schemes are designed on the basis that awards should vest in full for achieving stretching targets (i.e. with an 'all or nothing' vesting schedule) rather than providing for a lower level of vesting for meeting a threshold target rising to full vesting for achieving the stretch targets (i.e. a scaled vesting schedule). Because the Executive Directors' remuneration opportunity is highly weighted towards performance-related remuneration which will not vest if stretching performance targets aligned with the business strategy are not met, they share risk with the shareholders. The size of these performance-only awards should be considered in this context.

The Remuneration Committee firmly believes that this simple and very transparent share incentive framework is totally aligned with both the Company strategy for growth and its performance culture. We also believe that this strategy has directly driven the historic and continued out-performance of stretch targets originally set by the Committee by further aligning Executive and employee remuneration potential to increased and on-going shareholder value. This increased share value incentive has also led to a further 'lifting of the performance bar' for future awards.

There is no doubt that since the inception of the current remuneration strategy in 2009, it has clearly led to strong shareholder value increases during a difficult economic period, and has provided a strong platform for the on-going and long-term success of the Company.

Specifically tailored to Company culture and growth strategy we continue to review the robustness of the scheme. During 2013/14 the Remuneration Committee re-assessed the shareholding guidelines for Executive Directors and determined that the Executive Directors must now hold a minimum shareholding of 50,000 while they remain employed by the Company. As noted on page 39 Dave Forsey's shareholding on 27 April 2014 meant that he satisfied the guideline and held shares with a value equal to approximately 260% of his salary.

On 2 July 2014, we were pleased to announce that the resolution to approve the 2015 Bonus Share Scheme was passed, with a majority of shareholders eligible to vote on the resolution voting in favour (the Executive Directors elected not to vote).

Under the 2015 Bonus Share Scheme all eligible employees (including Executive Directors) who meet the qualifying conditions and performance criteria as determined and agreed by the Remuneration Committee and the Board will be able to participate. The terms of the 2015 Bonus Share Scheme provide for the grant of nil-cost options over up to 25 million ordinary shares in the Company (amounting to approximately 4.2% of the issued share capital of the Company). The vesting of any options would be conditional upon the achievement by the Company of all the following EBITDA targets (before scheme costs): (i) FY16 of £480 million; (ii) FY17 of £570 million; (iii) FY18 of £650 million; and (iv) FY19 of £750 million. If these performance targets are all met, 25% of any award would vest following the announcement of the Company's audited results for FY19 in July 2019 and 75% of the award would vest following the announcement of the Company's audited results for FY21 in July 2021.

To date Mike Ashley has not received any remuneration from the Company since before the public offering in February 2007, nor has he participated in the Executive Share Bonus Scheme. Despite being eligible to participate in the 2015 Bonus Share Scheme, following discussions with the Committee Mike Ashley has informed the Company and the Committee that he does not wish to participate in the scheme, nor does he expect any share based incentive scheme to be proposed to shareholders in relation to his role as an Executive Director while the 2015 Bonus Share Scheme is in place. He remains fully committed to achieving the stretching targets of the scheme.

The Board considers the leadership of Mike Ashley to be essential to the Company and we are grateful that shareholders have now recognised the huge impact of our proven and innovative share scheme on the success of the Company, its Executives and employees. It has always been our intention to continue with the existing highly performance-gearred remuneration policy for our Executives, i.e. low salary, no annual bonus or additional benefits, and the 2015 Bonus Share Scheme allows us to continue on this path.

We are committed to further building an open and transparent engagement with our investors and employees. We believe that a key objective of the Directors' Remuneration Report is to communicate clearly how much our Executive Directors are earning, how this is very clearly linked to the performance of the Company and is of benefit to our shareholders.

Dave Singleton

Chairman of the Remuneration Committee

15 July 2014

DIRECTORS' REMUNERATION REPORT

CONTINUED

DIRECTORS' REMUNERATION POLICY

This part of the report sets out the Company's Directors' Remuneration Policy, which, subject to shareholder approval at the 2014 AGM, shall take binding effect from the end of the Company's 2014/15 financial year. The Policy is determined by the Committee.

Future policy table

The table below describes each of the elements of the remuneration package for the Executive Directors.

ELEMENT OF REMUNERATION	PURPOSE / LINK TO STRATEGY	OPERATION	MAXIMUM	PERFORMANCE MEASURES
BASE SALARY	Fixed element of the remuneration package, where the balance of fixed and variable remuneration is aligned to the commercial strategy of long-term profitable growth and reflects the Company remuneration philosophy of gearing reward to performance with a sharing of risk between Executive Directors and shareholders.	Base salaries are normally reviewed annually and have not been increased since 2002. Mike Ashley does not currently receive a salary for his role.	Although salaries for existing Executive Directors (other than Mike Ashley, who does not currently receive a salary) have been set at £150,000 since 2002, the Company retains discretion to set salaries at a level commensurate with other companies of a similar size and complexity as the Company. Salaries for new Executive Directors will be set in accordance with the Committee's approach to recruitment remuneration, as described on page 36.	Not applicable.
BENEFITS	Not applicable for current Executive Directors	The current Executive Directors do not receive any additional benefits. There is currently no intention to change this whilst the Executive Bonus Share Scheme and 2015 Bonus Share Scheme remain in place. Benefits may be provided in line with market practice to recruit a new Executive Director taking into account individual circumstances. Such benefits may include relocation expenses.	Whilst the Remuneration Committee has not set an absolute maximum level of benefits Executive Directors may receive, the Company retains discretion to set benefits at a level which the Remuneration Committee considers appropriate against the market and to support the on-going strategy of the Company.	Not applicable.
RETIREMENT BENEFITS	Provide post-employment benefits to recruit and retain individuals of the calibre required for the business.	The Executive Directors are entitled to participate in a stakeholder pension scheme on the same basis as other employees. The current Executive Directors have opted out of this arrangement.	The current maximum employer contribution to the stakeholder pension scheme is 1%. The Company retains the discretion to set retirement benefits (including pension contributions and/or a salary supplement in lieu of a pension contribution) for any Executive Directors in accordance with the Committee's approach to recruitment remuneration, as described on page 36.	Not applicable.
ANNUAL BONUS	Not applicable as Executive Directors do not participate in an annual bonus scheme.	The Committee has determined that no annual bonus scheme will be operated for Executive Directors while the 2015 Bonus Share Scheme is in place.	No annual bonus opportunity for an Executive Director who participates in the 2015 Bonus Share Scheme for so long as that scheme is in place. If that scheme is not in place (for example if one of the Adjusted Underlying EBITDA targets is not met so that awards under that scheme lapse) the Committee may award an annual bonus opportunity of up to 200% of base salary. The Committee will not award such a bonus opportunity and grant an award under the Executive Bonus Share Scheme as referred to below. The annual bonus opportunity for any newly recruited Executive Director will be set in accordance with the Committee's approach to recruitment remuneration as described on page 36.	Not applicable for so long as Executive Directors do not participate in an annual bonus scheme. If an Executive Director does participate in an annual bonus scheme, performance will be assessed against one or more metrics determined by the Committee and linked to the Company's strategy, with the weighting between the metrics determined by the Committee. Bonuses will be determined between 0% and 100% of the maximum opportunity based on the Committee's assessment of the applicable metrics.
LONG-TERM INCENTIVE PAY (2015 BONUS SHARE SCHEME AND EXECUTIVE BONUS SHARE SCHEME)	To recognise and reward outstanding performance of the Executives and to drive underlying Group EBITDA in line with Group strategy and align Executive Directors' interests with the interests of shareholders in bringing consistent long-term profitable growth to the Company.	2015 Bonus Share Scheme: The 2015 Bonus Share Scheme was approved by shareholders at a General Meeting of the Company in July 2014. Awards may be granted under the scheme to Executive Directors on an annual (or more frequent) basis. However, in accordance with the Company's policy of granting larger upfront awards which only vest if significant and consistent growth is delivered year on year, one award may be granted under the scheme to any Executive Director during the period for which it is proposed this Directors Remuneration Policy shall apply, with vesting subject to the satisfaction of the EBITDA targets set out in the 2015 Bonus Share Scheme measured over a period of four financial years. 75% of an award is subject to a further deferral period such that it will vest in 2021 (with 25% vesting in 2019). Following discussions with the Committee Mike Ashley has advised that he does not wish to participate in the 2015 Bonus Share Scheme and accordingly the Committee has decided to make no award to Mike Ashley under the 2015 Bonus Share Scheme. Unvested Awards are subject to malus provisions, such that the Committee has the discretion to reduce, cancel or impose further conditions on the Awards in the event of a material misstatement of the Company's results, material failure of risk management or serious reputational damage. Executive Bonus Share Scheme: The Executive Bonus Share Scheme was approved by shareholders at the Annual General Meeting in September 2010. The Committee may grant further awards under this scheme if the 2015 Bonus Share Scheme is not in place (for example, if one of the Adjusted Underlying EBITDA targets is not met so that awards under the 2015 Bonus Share Scheme lapse). Mike Ashley is not eligible to be granted awards under the Executive Bonus Share Scheme. Any award granted under the Executive Bonus Share Scheme would be subject to malus provisions on a comparable basis to those that will apply to awards granted under the 2015 Bonus Share Scheme.	2015 Bonus Share Scheme Awards over no more than 25 million shares may be granted under the 2015 Bonus Share Scheme. No more than 1 million shares (subject to such adjustment as the Committee determines to reflect any variation in the Company's share capital) may be awarded to any Executive Director (other than Mike Ashley who has advised the Committee that he does not wish to participate in the 2015 Bonus Share Scheme). Executive Bonus Share Scheme Any award granted to an Executive Director under the Executive Bonus Share Scheme during the period for which it is proposed this Directors' Remuneration Policy shall apply would be over a maximum of 1 million shares (subject to such adjustment as the Committee determines to reflect any change in the Company's share capital).	Stretching performance targets are set reflecting the business priorities that underpin Group strategy. 2015 Bonus Share Scheme: Awards under the 2015 Bonus Share Scheme are subject to satisfactory personal performance and will only vest if the following Adjusted Underlying EBITDA targets (before scheme costs) are met: FY16: £480 million FY17: £570 million FY18: £650 million FY19: £750 million For these purposes, "Adjusted Underlying EBITDA" means Underlying EBITDA as reported in the Company's published accounts for the relevant year after such adjustments as the Committee considers appropriate. Executive Bonus Share Scheme: Any award granted under the Executive Bonus Share Scheme would be subject to stretching performance targets determined by the Committee based on Adjusted Underlying EBITDA, which would be disclosed in the Directors' Remuneration Report following the grant of any such award.

The table below sets out an overview of the approach to remuneration for the Chairman and Non-Executive Directors.

Purpose / link to strategy	Approach of the Company
Chairman and Non-Executive Director fees	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.
Provide an appropriate reward to attract and retain Directors of the calibre required for the business.	Non-Executive Directors receive a fixed annual fee. Non-Executive Directors do not participate in any bonus or share schemes. Non-Executive Directors may be eligible for benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate.

INFORMATION SUPPORTING THE POLICY TABLE

Prior to the introduction of the 2015 Bonus Share Scheme, awards were granted to Executive Directors under the Executive Bonus Share Scheme. One award held by an Executive Director remains outstanding under the Executive Bonus Share Scheme as referred to on page 39.

Other than where the 2015 Bonus Share Scheme is not in place (for example, if one of the Adjusted Underlying EBITDA targets is not met so that awards under the 2015 Bonus Share Scheme lapse) or where an award is to be granted in connection with the recruitment of an Executive Director as referred to on page 36, no further awards will be granted to Executive Directors of the Company under the Executive Bonus Share Scheme during the period for which this policy applies.

The Committee may amend the terms of the Executive Bonus Share Scheme, the 2015 Bonus Share Scheme or any awards granted under them within the scope defined in the rules of those schemes (including in the event of a variation of the Company's share capital or a demerger or special dividend which may, in the Committee's opinion, affect the current or future value of shares) and may elect to settle awards under those schemes in cash.

EXPLANATION OF PERFORMANCE MEASURES CHOSEN

For the 2015 Bonus Share Scheme, underlying Group EBITDA is chosen because it is a measure that provides a simple and transparent basis on which to measure the Company's performance over the longer term and to provide alignment with the Company's business strategy. In addition, the Committee considers it to be a robust measurement of sustained earnings growth for shareholders. This measurement has been consistently and publicly used by the Company as a performance measure since the floatation in 2007.

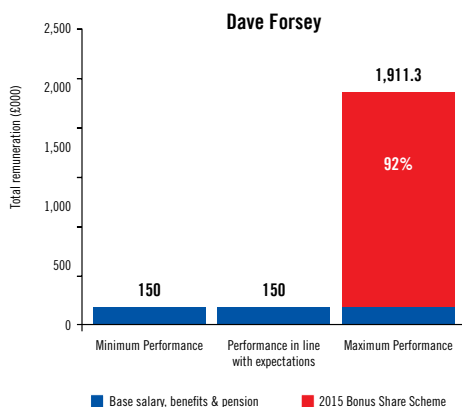
In respect of each relevant year, the Committee will adjust reported underlying Group EBITDA as it considers appropriate. Underlying Group EBITDA is calculated prior to any charges relating to any Bonus Share Scheme(s) outstanding at the relevant time.

EXPLANATION OF DIFFERENCES IN REMUNERATION POLICY FOR OTHER EMPLOYEES

The Company has a large number of employees with different responsibilities and differing levels of seniority. Reward policies for employees other than Executive Directors are determined by reference to grade, role, performance and other relevant factors. The Committee does not consult with the wider employee population about the remuneration policy for Directors. However, 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. Indeed, in order to reflect the Company's "One Team" ethos, the 2015 Bonus Share Scheme applies to both Executives and eligible employees who meet the qualifying conditions as determined and agreed by the Committee on the same basis (including the performance conditions).

ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

The charts below set out an illustration of the policy for 2014/15 in line with the future policy table above. The charts provide an illustration of the total remuneration opportunity that could arise under three different levels of performance. No chart is included for Mike Ashley, who does not receive any remuneration from the Company and does not participate in any share scheme.



For the purposes of the adjacent chart, the following assumptions have been made.

	Fixed Pay	2015 Bonus Share Scheme
Minimum remuneration	Base salary of £150,000.	No vesting.
Performance in line with expectations	No employer pension contribution (as current Executive Directors have opted out of the Company's stakeholder pension scheme).	No vesting, because rewards under the Executive Bonus Share Scheme vest on an "all or nothing" basis for achieving the upper end of stretch targets.
Maximum remuneration	No benefits (as no benefits were provided to the current Executive Directors in 2013/14).	See note below*.

*For the purposes of this chart, it has been assumed that Dave Forsey is granted an award over 1 million shares, and that no award is granted to Mike Ashley, as referred to in the policy table on page 34. The value of the award is then calculated based on a share price of £7.045 (being the price at the close of business on 15 July 2014 when this report was approved by the Committee) and one quarter of this value is then shown, representing the intention to grant one award under the 2015 Bonus Share Scheme, the vesting of which will be subject to EBITDA performance targets measured over a period of four financial years (FY16, FY17, FY18 and FY19). The vesting of any awards is conditional upon the achievement by the Company of all four EBITDA targets under the 2015 Bonus Share Scheme.

DIRECTORS' REMUNERATION REPORT

CONTINUED

APPROACH TO RECRUITMENT REMUNERATION

When agreeing a remuneration package for the appointment of a new Executive Director, the Committee will apply the following principles:

- given that the high gearing of reward for performance over a long period and a low basic salary may result in a 'cash flow' issue for any new Executive Director, the intention is to move the Director appropriately and in a timely manner onto an equal footing with other Executive Directors;
- the package will be sufficient to attract the calibre of Director required to deliver the Company's strategy;
- the Committee will seek to ensure that no more is paid than is necessary; and
- in the next Annual Report on remuneration, the Committee will explain to shareholders the rationale for the arrangements implemented.

The Committee will ordinarily seek to implement the remuneration package in accordance with the elements referred to in the policy table on pages 34 and 35. The Committee retains discretion to make appropriate remuneration decisions outside that policy including the ability to grant awards under the Executive Bonus Share Scheme to meet the individual circumstances of the recruitment, subject to the limits and parameters of this recruitment remuneration section of the Directors' Remuneration Report.

ELEMENT	APPROACH
Base salary and benefits	Aligned with the policy set out in the policy table on page 34 if the new Executive Director participates in the 2015 Bonus Share Scheme at the same level as existing Executive Directors (other than Mike Ashley).
Retirement benefits	Aligned with the policy set out in the policy table on page 34 if the new Executive Director participates in the 2015 Bonus Share Scheme. Otherwise, up to 20% of salary paid to a pension arrangement or paid as a supplement to base salary in lieu of a pension arrangement until the new Executive Director joins that scheme.
2015 Bonus Share Scheme	The Remuneration Committee's intention is for a newly-appointed Executive Director to participate in the 2015 Bonus Share Scheme with an award of up to 1 million shares (subject to such adjustment as the Committee determines to reflect any variation in the Company's share capital) (i.e. up to the maximum level referred to in the policy table, but reduced to reflect the new Executive Director's shortened period of service).
Variable remuneration	In recognition of the fact that a newly appointed Executive Director's award under the 2015 Bonus Share Scheme would not vest until 2019, the Committee may award a newly appointed Executive Director an award over up to 1 million shares (subject to such adjustment as the Committee determines to reflect any change in the Company's share capital) under the Executive Bonus Share Scheme or a similar scheme, the vesting of which would be subject to the same performance conditions as apply to existing awards under the Executive Bonus Share Scheme or other stretching performance conditions determined by the Committee. In addition, until such time as the newly appointed Executive Director participates in the 2015 Bonus Share Scheme, he or she may be awarded an annual or longer-term incentive opportunity of up to 200% of salary per annum.
Maximum variable remuneration	The maximum level of variable remuneration that may be awarded to a new Executive Director is: a. an award over up to 1 million shares (subject to such adjustment as the Committee determines to reflect any change in the Company's share capital) under the 2015 Bonus Share Scheme (but reduced to reflect any variable remuneration awarded as referred to in (c) below); b. an award over up to 1 million shares (subject to such adjustment as the Committee determines to reflect any change in the Company's share capital) under the Executive Bonus Share Scheme or a similar scheme; and c. until such time as he or she participates in the 2015 Bonus Share Scheme, an annual or longer-term incentive opportunity of up to 200% of salary per annum. In each case, the value of any buy-out arrangements (described below) does not count towards the maximum.
Compensation for forfeited arrangements	The Committee may make awards on hiring an external candidate to buy-out the remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will have regard to relevant factors including any performance conditions attached to such arrangements (and whether such conditions were achieved), the form of those arrangements (e.g. cash or shares) and the timeframe of such arrangements. While such awards are excluded from the maximum level of variable remuneration referred to below, the Committee's intention is that the value awarded would be no higher than the expected value of the forfeited arrangements. Buy-out awards will be subject to forfeiture or clawback on early departure, with 100% being subject to forfeiture if the Executive departs within 12 months of joining, and a sliding scale down to 50% if the departure occurs within 12 and 24 months of joining, at the Committee's discretion.
Relocation costs	If necessary, the Company will pay appropriate relocation costs. The Committee will seek to ensure that no more is paid than is necessary.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share schemes. If necessary and subject, where relevant, to the limits referred to above, awards may be granted outside existing share plans as permitted under the Listing Rules, which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director.

Where a position is filled internally, any on-going remuneration obligations or outstanding variable pay elements shall be allowed to continue according to their subsisting terms.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the policy set out in the future policy table above for Non-Executive Directors.

SERVICE CONTRACTS AND POLICY ON PAYMENTS FOR LOSS OF OFFICE

The Company's policy is for Executive Directors to be employed on the terms of service contracts which may be terminated by either the Company or the Executive Director on the giving of not less than 12 months notice.

Executive Directors

Details of each current service contract 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

The principles on which the determination of payments for loss of office will be approached are summarised below:

Payment in lieu of notice	<p>The Company may terminate an Executive Director's employment with immediate effect by making a payment in lieu of notice consisting of:</p> <ul style="list-style-type: none"> • basic salary for the notice period; • if the Executive Director participates in an annual bonus scheme, a pro-rated amount reflecting completed months of service in the year of termination assuming on target performance; • either the cost of providing other benefits (other than pension and bonus) that the Executive Director would have been entitled to during the notice period or an amount equal to 10% of base salary (or alternatively the Company may continue to provide benefits for the remainder of the notice period that would have applied). <p>However, in accordance with the current policy as set out in the policy table on page 34, no annual bonus scheme or benefits are currently offered to Executive Directors.</p>
Annual bonus	<p>In accordance with the current policy as set out in the policy table on page 34, no annual bonus scheme is offered to existing Executive Directors. Were an Executive Director to participate in an annual bonus arrangement, whether to award a bonus in full or in part in the event of a termination of employment would be at the discretion of the Committee on an individual basis and dependent on a number of factors, including the circumstances of the Executive Director's departure and his contribution to the business during the bonus period in question. Typically bonus amounts would be pro-rated for time in service to termination.</p>
2015 Bonus Share Scheme and Executive Bonus Share Scheme	<p>If a participant in the 2015 Bonus Share Scheme or Executive Bonus Share Scheme ceases employment before the performance conditions attaching to an award under that scheme are satisfied, the award will lapse. If the participant ceases employment after the performance conditions are satisfied but before the vesting dates as a result of his death or any other reason determined at the discretion of the Committee, the award will vest; in the case of a reason other than death, the extent of vesting will be determined by the Committee at its absolute discretion taking into account the time that has elapsed between grant and cessation.</p>
Other payments	<p>The Remuneration Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. In appropriate circumstances, payments may also be made in respect of legal fees. Were the Company to make an award on recruitment of an Executive Director to buy out remuneration arrangements forfeited on leaving a previous employer then the leaver provisions for that award would be determined at the time of grant.</p>

In the event of a change of control of the Company or other relevant corporate event, vested awards under the 2015 Bonus Share Scheme and the Executive Bonus Share Scheme will lapse unless the performance conditions are satisfied and the event occurs between satisfaction of the conditions and the vesting date, in which case the award shall vest. In the case of the 2015 Bonus Share Scheme the extent of vesting shall be determined by the Committee taking into account the period of time that has elapsed between the grant date and the date of the relevant event and in the case of the Executive Bonus Share Scheme the awards shall vest in full unless the Committee determines otherwise.

Non-Executive Directors

The Non-Executive Directors enter into an agreement with the Group for a period of three years, other than the Chairman whose agreement continues until terminated in accordance with its terms. 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 do not and are not entitled to participate in any bonus or share scheme.

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.

Details of the letters of appointment are set out below:

	Position	Date of letter of appointment
Keith Hellawell	Non-Executive Chairman	February 2010
Simon Bentley	Non-Executive Director	15 July 2014
Dave Singleton	Non-Executive Director	15 July 2014
Charles McCreavy	Non-Executive Director	31 March 2011
Claire Jenkins	Non-Executive Director	15 July 2014

DIRECTORS' REMUNERATION REPORT

CONTINUED

PAYMENTS OUTSIDE THE POLICY IN THIS REPORT

The Committee retains discretion to make any remuneration payment or payment for loss of office outside the policy in this report:

- where the terms of the payment were agreed before the policy came into effect;
- where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company; or
- to satisfy contractual commitments made under legacy remuneration arrangements.

For these purposes, "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

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

ANNUAL REPORT ON REMUNERATION

This part of the Directors' Remuneration Report sets out the actual payments made by the Company to its Directors with respect to the period ending 27 April 2014 and how our Directors' Remuneration Policy will be applied in the year commencing 28 April 2014.

SINGLE FIGURE TABLE (AUDITED)

The aggregate remuneration provided to individuals who have served as Directors in the period ended 27 April 2014 is set out below, along with the aggregate remuneration provided to individuals who have served as Directors during the prior financial year.

Director	Salaries and fees		Other benefits		Bonus		Long-term incentives		Pension		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Executive												
Mike Ashley	-	-	-	-	-	-	-	-	-	-	-	-
Dave Forsey	150	150	-	-	-	-	-	-	-	-	150	150
Bob Mellors ⁽¹⁾	112.5	150	-	-	-	-	-	-	-	-	112.5	150
Non-Executive												
Keith Hellawell	155	155	-	-	-	-	-	-	-	-	155	155
Simon Bentley	50	50	-	-	-	-	-	-	-	-	50	50
Dave Singleton	50	50	-	-	-	-	-	-	-	-	50	50
Charles McCreavy	50	50	-	-	-	-	-	-	-	-	50	50
Claire Jenkins	50	50	-	-	-	-	-	-	-	-	50	50

(1) Bob Mellors resigned from the Board on 31 December 2013.

NOTES TO THE SINGLE FIGURE TABLE AND IMPLEMENTATION OF POLICY IN THE YEAR ENDING 26 APRIL 2015

Base salary and fees

Base salaries are normally reviewed annually. In the review in 2013/14 the Committee decided not to alter Executive Directors' salaries. The Committee has decided not to increase Executive Directors' salaries in 2014/15. Executive Directors' salaries have been at the same level since 2002, which is set at a level well below the lower quartile for a business of the size and complexity of the Group. Mike Ashley does not receive a salary for his role.

Fees for Non-Executive Directors are normally reviewed annually. In the review in 2013/14 fees were not increased. Fees for Non-Executive Directors will not be increased for 2014/15.

Annual bonus scheme

The Committee has determined that no annual bonus scheme will be operated for Executive Directors while the 2015 Bonus Share Scheme is in place.

Executive Bonus Share Scheme

No awards were granted under the Executive Bonus Share Scheme in 2013/14. Awards which were subject to the satisfaction of a performance condition based on EBITDA in the 2010/11 financial year vested in August 2013.

Following the approval of the 2015 Bonus Share Scheme in July 2014, the Committee proposes to grant each Executive Director (other than Mike Ashley) an award under the scheme in 2014/15 over 1 million shares (subject to such adjustment as the Committee determines to reflect any variation in the Company's share capital). The performance conditions for the awards will be as set out in the policy table on page 34.

PAYMENTS TO PAST DIRECTORS DURING THE FINANCIAL YEAR

No payments have been made to past Directors during the period ended 27 April 2014.

PAYMENTS FOR LOSS OF OFFICE DURING THE FINANCIAL YEAR

No payments were made for loss of office during the period ended 27 April 2014.

SHAREHOLDING GUIDELINES AND TOTAL SHAREHOLDINGS OF DIRECTORS

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, there were internal guidelines that the Executive Directors would 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. However, these guidelines can be waived with the permission of the Board. The Committee has raised the required shareholding value of Executive Directors to 50,000 shares while employed by the Company in 2014.

Dave Forsey's beneficial shareholding on 27 April 2014 was 50,000 shares and, based on a share price of £7.79 (being the price at the close of business on 25 April 2014, the last trading day before Sunday 27 April 2014) the value of that holding was £389,500.

The beneficial interests of the Directors in office on 27 April 2014 and of their families in both cases at the beginning of the financial year, or at the date of appointment if later, and at the end of the financial year in the share capital of the Company are shown below:

	Ordinary Shares 29 April 2013	Ordinary Shares 27 April 2014
Mike Ashley	385,400,000	345,400,000
Simon Bentley	50,000	10,000
Dave Forsey	-	50,000
Keith Hellawell	130,000	50,000
Claire Jenkins	20,000	19,500
Charles McCreevy	-	1,500
Dave Singleton	153,621	52,000

There have been no changes in the Directors' holdings in the share capital of the Company, as set out in the table above, between 27 April 2014 and 15 July 2014.

The only award held by a Director under a share scheme as at 27 April 2014 is as follows.

Director	Scheme	Grant date	Number of shares	Status
Dave Forsey	Executive Bonus Share Scheme	22 August 2011	1,000,000	Unvested

The award was granted subject to the satisfaction of the following EBITDA targets (of which three have been met):

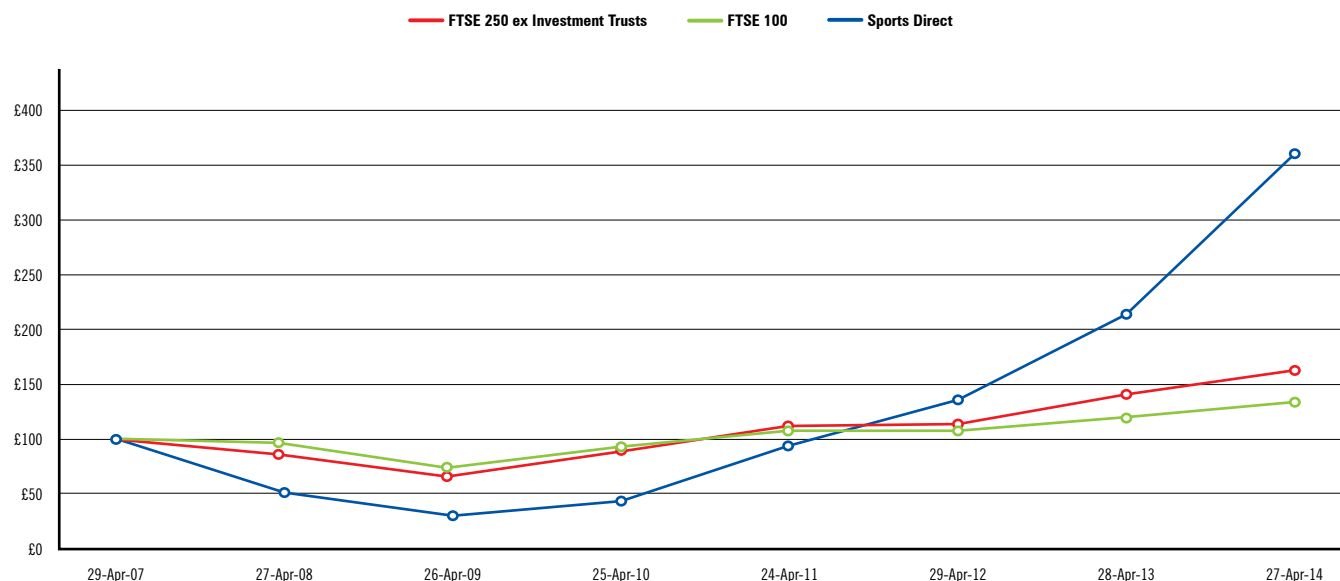
- Underlying EBITDA of £215 million in FY12
- Underlying EBITDA of £250 million in FY13
- Underlying EBITDA of £260 million in FY14
- Underlying EBITDA of £300 million in FY15

Subject to the satisfaction of the remaining EBITDA target the award will vest in 2017.

PERFORMANCE GRAPH AND TABLE

The following graph shows the Company's performance measured by the Total Shareholder Return compared with the performance of the FTSE 100 and 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.



DIRECTORS' REMUNERATION REPORT

CONTINUED

The table below shows details of the total remuneration and performance-related pay for Dave Forsey over the last five financial years.

	Total remuneration	Executive Bonus Share Scheme as a % of maximum opportunity
2013/14	£150,000	N/A
2012/13	£150,000	N/A
2011/12	£150,000	N/A
2010/11	£6,620,000*	100%
2009/10	£150,000	N/A

* For these purposes, the total remuneration in 2010/11 includes the value of an award over 1,000,000 shares that vested on 15 August 2013 subject to the satisfaction of a performance condition based on EBITDA in 2010/11 financial year. For these purposes, the value of a share is £6.47 being the closing price of a share on that date.

CEO PAY INCREASE IN RELATION TO ALL EMPLOYEES

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage increase in pay for Dave Forsey compared to the average increase between the same periods for the Group's UK Head Office employees, which the Committee believes is the most appropriate comparator group. The percentages shown relate to the amounts for 2013/14 financial year as compared to the amounts for the 2012/13 financial year.

Element of remuneration	Dave Forsey / % change	UK Head Office Employee average / % change
Salary	0%	2.3%
Taxable benefits	0% (no taxable benefits were provided to Dave Forsey in either year)	-3.2%
Annual bonus	0% (no annual bonus arrangement was operated for Dave Forsey in either year)	13.2%

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below sets out the Group's distributions to shareholders by way of dividends and share buybacks, total Group-wide expenditure on pay for all employees, as reported in the audited financial statements for 2013/14 and 2012/13, and the Company's share price, calculated as at the close of business on the last day of the FY14 financial year and the FY13 financial year.

	FY14	FY13	Percentage change
Distributions to shareholders by way of dividend and share buyback	£0	£391,554	-100%
Investment*	£323,475,000	£227,998,000	41.8%
Group-wide expenditure on pay for all employees	£307,948,000***	£221,103,000	39.3%
Share price (pence)	779.5**	467.2**	66.85%

*Comprises of increases in working capital, acquisitions and capital expenditure in the year as the Board believes these to be the most relevant measures of the Group's investment in future growth.

**For these purposes, the share price for FY14 and the share price for FY13 are calculated as the close of business on 27 April 2014 and 28 April 2013 respectively.

***This increase is reflective of the Group's acquisitions and retail expansion in Europe.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION**Membership**

The Committee consists of Simon Bentley, Dave Singleton, Claire Jenkins and Charles McCreevy, who are independent Non-Executive Directors, and Keith Hellawell, who is the Non-Executive Chairman.

The role and main responsibilities of the Committee are detailed in the Corporate Governance Report on page 31.

Attendance at the meetings held during the year is detailed on page 29.

The members of the Committee have no personal financial interest, other than as shareholders, in the matters to be decided, no actual or potential conflicts of interest arising from other directorships and no day-to-day operational responsibility within the Company.

Advisers to the Committee

Dave Forsey, the Chief Executive, Bob Mellors, the former Group Finance Director, and Mike Ashley, the Executive Deputy Chairman, have advised or materially assisted the Committee when requested. No Executive Director is present or takes part in discussions in respect of matters relating directly to their own remuneration.

SHAREHOLDER VOTING

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report for the year ended 28 April 2013 and in respect of the resolution to approve the 2015 Bonus Share Scheme.

	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors' Remuneration Report for the year ended 28 April 2013	523,524,503	97.7%	12,086,759	2.3%	535,611,262	59,875
Approval of the 2015 Bonus Share Scheme	111,926,611	60.4%	73,372,592	39.6%	185,299,203	213,882

Dave Singleton

Chairman of the Remuneration Committee

15 July 2014

DIRECTORS' RESPONSIBILITY AND RESPONSIBILITY STATEMENT

DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing the 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 the applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the Company financial statements, state whether the 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 are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements, and the Remuneration Report, comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors is 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

(a) the Annual Report, including the strategic report, 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

17 July 2014

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF SPORTS DIRECT INTERNATIONAL PLC

We have audited the financial statements of Sports Direct International plc for the 52 week period ended 27 April 2014 which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes 1 to 37. 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 set out on page 41 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

AUDITOR COMMENTARY

An overview of the scope of our audit

Our audit scope included a full audit of the consolidated financial statements of Sports Direct International plc. We evaluated controls over key financial systems identified as part of our risk assessment. This included a review of the general IT controls, the accounts production process and the controls addressing critical accounting matters identified in our risk assessment. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

As set out on page 53 the Group has three operating segments; Sports Retail, Premium Lifestyle and Brands. The Group financial statements are a consolidation of the reporting units comprising the operating businesses within these segments.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed on the reporting units by us, as the Group engagement team, or component auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

The reporting units vary significantly in size and we identified two reporting units that, in our view, required an audit of their complete financial information, due to their size or risk characteristics, providing 65% coverage of the Group's revenues and 89% of the Group adjusted EBITDA.

Specific audit procedures on certain balances and transactions were performed at a further 8 reporting units due to their size providing a further 25% coverage of the Group's revenues and 2% of the Group adjusted EBITDA, with the remaining reporting units subject to analytical procedures.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person relying on the information would have been changed or influenced by the misstatement or omission.

For the Group audit, we established materiality for the consolidated financial statements as a whole to be £11.2m, which is 3.5% of adjusted Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA). We use adjusted EBITDA because, in our view, this is the metric against which the financial performance of the Group is measured both internally and externally.

For the financial information of the individual subsidiary undertakings, we set our materiality based on a proportion of Group materiality appropriate to the relative scales of each of the businesses. We determined the threshold at which we will communicate misstatements to the Audit Committee to be £560,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

OUR ASSESSMENT OF RISK

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole, and not to express an opinion on individual transactions, account balances or disclosures.

RISK OF FRAUD IN REVENUE RECOGNITION

Under ISAs (UK & Ireland), there is a presumed risk of fraud in revenue recognition because of the pressure and incentives management may feel to achieve planned levels of sales. We therefore identified revenue recognition as a significant risk requiring special audit consideration.

Our audit work included, but was not restricted to, testing manual journals posted to revenue for indication of fraudulent transactions, assessing the retail control environment surrounding revenue recognition and its completeness and performing substantive procedures in respect of non-retail sales to ensure the related revenue was accounted for correctly and in the correct period.

The Group's accounting policy in respect of revenue recognition is included in note 1.

CARRYING VALUE OF INVENTORIES

The carrying value of inventories is stated net of provisions for obsolete or slow moving stock. Judgement is applied by management in assessing the amount of provision required to record inventory at the lower of cost and net realisable value.

Our audit work included, but was not limited to, verifying the models used for mathematical accuracy, considering the appropriateness and consistency of the underlying assumptions within the model and performing a review of inventory sold post year end.

The Group's accounting policy on inventories and details of the judgements applied by the directors in establishing the provision is included in note 1.

ACQUISITION ACCOUNTING

As further disclosed in note 29 the Group made two significant acquisitions during the year. The accounting for these acquisitions required management, in accordance with IFRS3: Business Combinations, to make a number of judgements; including the identification and valuation of separately identifiable intangible assets, fair value adjustments to assets and liabilities acquired and the accounting for option agreements in relation to minority interests. We therefore identified the related acquisition accounting as a significant risk.

Our audit work included, but was not restricted to understanding the terms of the respective acquisitions and option agreements and evaluating whether the Group has obtained control in each case, agreeing the fair value of the assets and liabilities acquired to supporting documentation and evaluating the appropriateness of judgements applied by the Directors, considering the existence of any separately identifiable intangible assets, ensuring the costs of the respective acquisitions have been expensed to the Income Statement and reviewing the respective disclosures within the financial statements.

Disclosure of the acquisitions in the period, analysis of the fair values of assets, including separately identifiable intangible assets, and liabilities acquired and judgements formed in respect of the option agreements to acquire minority interests is set out in note 29.

The Group's accounting policy in respect of accounting for acquisitions is included in note 1.

INTANGIBLES IMPAIRMENT ASSESSMENT

As more fully explained in note 15, the Directors are required to make an annual assessment to determine whether the value of goodwill of £153.5m and brands of £73.3m is impaired. The process for measuring and recognising impairment under IAS 36 is complex and highly judgemental. We therefore identified impairment reviews as a significant risk requiring special audit consideration.

Our audit work included, but was not restricted to, an evaluation of the methodology and assumptions used by the Directors. In particular those key assumptions relating to the cash flow projections, the appropriateness of the discount rates and perpetuity rates and we also focused on the adequacy of the disclosures on the sensitivity of the key assumptions used in the impairment assessment and the related disclosures.

The Group's accounting policy on impairment is included in the Group's principal accounting policies and details of the judgements and estimates made by the Directors are included in note 1.

MANAGEMENT OVERRIDE OF FINANCIAL CONTROL

Under ISAs (UK & Ireland), for all of our audits we are required to consider the risk of management override of financial controls. Due to the unpredictable nature of this risk we are required to assess it as a significant risk requiring special audit consideration.

Our audit work included, but was not restricted to, specific procedures relating to this risk that are required by ISA 240 'The Auditors Responsibilities relating to Fraud in an Audit of Financial Statements'. This included tests of manual journal entries, the evaluation of judgements and assumptions in the Director's estimates and tests of significant transactions outside the normal course of business. This included a detailed review of related party transactions.

In particular, our work on judgements applied by the Directors when establishing the inventory provision, the acquisitions made in the year and the intangible impairment assessment addressed key aspects of ISA 240.

OPINION ON FINANCIAL STATEMENTS

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 27 April 2014 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirement of the Companies Act 2006 and Article 4 of the IAS Regulation.

OTHER REPORTING RESPONSIBILITIES**Opinion on other matters prescribed by the Companies Act 2006**

- the information given in the Strategic Report and the Director's Reports 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 27 to 32 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 ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that were communicated to the Audit Committee which we consider should have been disclosed.

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 are required to review:

- the Directors' Statement, set out on page 26, 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 specified for our review.

OTHER MATTER

We have reported separately on the parent company financial statements of Sports Direct International plc for the 52 week period ended 27 April 2014, and on the information in the Directors' Remuneration Report that is described as having been audited.

Philip Westerman

Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

17 July 2014

CONSOLIDATED INCOME STATEMENT

FOR THE 52 WEEKS ENDED 27 APRIL 2014

	Note	52 weeks ended	
		27 April 2014 (£'000)	28 April 2013 (restated) ¹ (£'000)
Revenue	1,4	2,705,958	2,185,580
Cost of sales		(1,551,036)	(1,290,822)
Gross profit		1,154,922	894,758
Selling, distribution and administrative expenses		(908,843)	(689,578)
Other operating income	5	8,583	7,199
Exceptional items	6	(5,531)	625
Operating profit	4,7	249,131	213,004
Other investment income	9	7,017	1,473
Finance income	10	891	1,117
Finance costs	11	(19,853)	(9,688)
Share of profit of associated undertakings and joint ventures	16	2,266	1,320
Profit before taxation		239,452	207,226
Taxation	12	(59,839)	(55,569)
Profit for the period	4	179,613	151,657
Attributable to:			
Equity holders of the Group		180,245	151,596
Non-controlling interests		(632)	61
Profit for the period	4	179,613	151,657
Earnings per share attributable to the equity shareholders			
		Pence per share	Pence per share
Basic earnings per share	13	30.8	26.6
Diluted earnings per share	13	29.2	24.4
Underlying basic earnings per share	13	32.1	26.9

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.

¹ Restatement relates to the adoption of IAS 19 'Employee Benefits' (see note 1).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 27 APRIL 2014

	Note	52 weeks ended	
		27 April 2014 (£'000)	28 April 2013 (restated) ¹ (£'000)
Profit for the period	4	179,613	151,657
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit pension schemes	24	3,860	(2,818)
Taxation on items recognised in other comprehensive income		(698)	-
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(33,118)	12,436
Exchange differences on hedged contracts - recognised in the period	27	(3,737)	15,408
Exchange differences on hedged contracts - reclassified and reported in net profit	27	(17,909)	196
Fair value adjustment in respect of available-for-sale financial assets	17	57,373	1,011
Taxation on items recognised in other comprehensive income		(4,170)	4,636
Other comprehensive income for the period, net of tax		1,601	30,869
Total comprehensive income for the period		181,214	182,526
Attributable to:			
Equity holders of the Group		181,846	182,465
Non-controlling interest		(632)	61
		181,214	182,526

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

¹ Restatement relates to the adoption of IAS 19 'Employee Benefits' (see note 1).

CONSOLIDATED BALANCE SHEET

AT 27 APRIL 2014

	Note	27 April 2014 (£'000)	28 April 2013 (£'000)
ASSETS - Non-current			
Property, plant and equipment	14	412,361	332,036
Intangible assets	15	255,109	240,420
Investments in associated undertakings and joint ventures	16	41,763	32,117
Available-for-sale financial assets	17	116,504	47,645
Deferred tax assets	25	31,130	47,952
		856,867	700,170
ASSETS - Current			
Inventories	18	565,479	446,962
Trade and other receivables	19	123,014	96,111
Derivative financial assets	27	4,355	17,965
Cash and cash equivalents	20	151,024	147,375
		843,872	708,413
TOTAL ASSETS		1,700,739	1,408,583
EQUITY AND LIABILITIES			
Share capital	21	64,060	64,060
Share premium		874,300	874,300
Treasury shares reserve		(56,234)	(56,234)
Permanent contribution to capital		50	50
Capital redemption reserve		8,005	8,005
Foreign currency translation reserve		5,280	38,398
Reverse combination reserve		(987,312)	(987,312)
Own share reserve		(13,251)	(64,375)
Hedging reserve		(5,625)	16,021
Retained earnings		931,819	752,018
		821,092	644,931
Non-controlling interests		(3,538)	(254)
Total equity		817,554	644,677
LIABILITIES - Non-current			
Borrowings	23	6,764	245,627
Retirement benefit obligations	24	15,350	19,940
Deferred tax liabilities	25	24,046	24,978
Provisions	26	37,780	41,072
		83,940	331,617
LIABILITIES - Current			
Derivative financial liabilities	27	18,665	-
Trade and other payables	28	392,019	320,261
Borrowings	23	356,226	55,753
Current tax liabilities		32,335	56,275
		799,245	432,289
Total liabilities		883,185	763,906
TOTAL EQUITY AND LIABILITIES		1,700,739	1,408,583

The accompanying accounting policies and notes form part of these financial statements. The financial statements were approved by the Board on 17 July 2014 and were signed on its behalf by:

Dave Forsey
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 27 APRIL 2014

	Note	52 weeks ended	
		27 April 2014 (£'000)	28 April 2013 (£'000)
Cash inflow from operating activities	30	222,785	159,094
Income taxes paid		(55,730)	(44,673)
Net cash inflow from operating activities		167,055	114,421
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		-	79
Proceeds on disposal of intangible assets		-	625
Proceeds on disposal of listed investments		49,394	-
Purchase of associate, net of cash acquired		(8,000)	(96)
Purchase of subsidiaries, net of cash acquired	29	(15,407)	(46,941)
Purchase of intangible assets		(1,827)	(2,282)
Purchase of property, plant and equipment	14	(67,304)	(48,247)
Purchase of listed investments		(55,467)	-
Investment income received		1,604	1,473
Finance income received		891	1,117
Net cash outflow from investing activities		(96,116)	(94,272)
Cash flow from financing activities			
Finance costs paid		(8,111)	(7,196)
Borrowings drawn down		300,910	404,970
Borrowings repaid		(348,452)	(323,942)
Exercise of option over non-controlling interests		(11,678)	-
Purchase of own shares		-	(21,742)
Net cash (outflow)/inflow from financing activities		(67,331)	52,090
Net increase in cash and cash equivalents including overdrafts		3,608	72,239
Cash and cash equivalents including overdrafts at beginning of period		141,674	69,435
Cash and cash equivalents including overdrafts at the period end	20	145,282	141,674

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 27 APRIL 2014

	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 29 April 2012	(55,839)	25,962	(57,684)	600,431	(40,480)	472,390	(505)	471,885
Credit to equity for share-based payment	-	-	-	4,012	-	4,012	-	4,012
Vesting of share-based payment	-	-	14,656	(16,728)	-	(2,072)	-	(2,072)
Current tax on share schemes	-	-	-	3,581	-	3,581	-	3,581
Deferred tax on share schemes	-	-	-	6,297	-	6,297	-	6,297
Cost of shares acquired	(395)	-	-	-	-	(395)	-	(395)
Purchase of own shares	-	-	(21,347)	-	-	(21,347)	-	(21,347)
Non-controlling interests - acquisitions	-	-	-	-	-	-	190	190
Transactions with owners	(395)	-	(6,691)	(2,838)	-	(9,924)	190	(9,734)
Profit for the financial period	-	-	-	151,596	-	151,596	61	151,657
Other comprehensive income								
Cash flow hedges								
- recognised in the period	-	-	-	-	15,408	15,408	-	15,408
- reclassified and reported in net profit	-	-	-	-	196	196	-	196
Actuarial losses on defined benefit pension schemes	-	-	-	(2,818)	-	(2,818)	-	(2,818)
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	1,011	-	1,011	-	1,011
Taxation	-	-	-	4,636	-	4,636	-	4,636
Translation differences - Group	-	11,135	-	-	-	11,135	-	11,135
Translation differences - associates	-	1,301	-	-	-	1,301	-	1,301
Total comprehensive income for the period	-	12,436	-	154,425	15,604	182,465	61	182,526
At 28 April 2013	(56,234)	38,398	(64,375)	752,018	(24,876)	644,931	(254)	644,677
Vesting of share-based payments	-	-	51,124	(51,124)	-	-	-	-
Current tax on share schemes	-	-	-	25,500	-	25,500	-	25,500
Deferred tax on share schemes	-	-	-	(11,215)	-	(11,215)	-	(11,215)
Non-controlling interests - acquisitions	-	-	-	-	-	-	(10,513)	(10,513)
Exercise of option over non-controlling interest	-	-	-	(19,970)	-	(19,970)	7,861	(12,109)
Transactions with owners	-	-	51,124	(56,809)	-	(5,685)	(2,652)	(8,337)
Profit for the financial period	-	-	-	180,245	-	180,245	(632)	179,613
Other comprehensive income								
Cash flow hedges								
- recognised in the period	-	-	-	-	(3,737)	(3,737)	-	(3,737)
- reclassified and reported in net profit	-	-	-	-	(17,909)	(17,909)	-	(17,909)
Actuarial gain on defined benefit pension schemes	-	-	-	3,860	-	3,860	-	3,860
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	57,373	-	57,373	-	57,373
Taxation	-	-	-	(4,868)	-	(4,868)	-	(4,868)
Translation differences - Group	-	(32,498)	-	-	-	(32,498)	-	(32,498)
Translation differences - associates	-	(620)	-	-	-	(620)	-	(620)
Total comprehensive income for the period	-	(33,118)	-	236,610	(21,646)	181,846	(632)	181,214
At 27 April 2014	(56,234)	5,280	(13,251)	931,819	(46,522)	821,092	(3,538)	817,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

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 Interpretations Committee ("IFRSIC") 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.

The following IFRS, IFRSIC interpretations and amendments are effective for the first time in this financial year:

IAS19 (revised) 'Employee Benefits' has been adopted in the financial year. The revised standard replaces the expected return on plan assets and the interest cost on liabilities with a net interest expense calculated by applying the discount rate to the net defined benefit asset or liability. In addition, administration costs on pension funds are now recognised in the profit or loss when administration services are performed. The revised standard has retrospective application. The adoption of the revised standard has resulted in the following changes:

Income statement:

- Pension interest income decreased by £1.9m;
- Expected return on plan assets decreased by £1.9m.

Balance sheet: No Impact

Statement of Comprehensive Income: No impact

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. Costs incurred relating to acquisitions are expensed to the income statement.

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.

Intercompany 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 the statement of other comprehensive income. When the security is disposed of, de-recognised or is determined to be impaired the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment within other comprehensive income.

Acquisitions

For business combinations achieved in stages, the Group re-measures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in the income statement 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. The need for impairment is tested by comparing the market value of the cash-generating unit (CGU) to the carrying value. Any impairment is recognised immediately in the income statement. Impairment losses on goodwill are not reversed. 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.

Expenditure on advertising and promotional activities is recognised as an expense as incurred.

No amortisation is charged on those 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. 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 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.

Amortisation is provided on other brands, trade marks and licences with a definite life on a straight line basis 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

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 - between 2% and 7% per annum - straight line

Leasehold improvements - over the terms 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 (CGU) to which the asset belongs. With respect to property, plant and equipment, each store is considered to be a CGU and where onerous leases are noted the assets of each individual store are individually assessed for impairment.

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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognised for CGUs 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 CGU.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) 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 (CGU) 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 supplied, stated net of discounts, returns and value added taxes.

In the case of goods sold through retail stores, revenue is recognised at the point of sale of a product 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 goods sold on the internet revenue is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of delivery to the customer. Transactions are settled by credit card or payment card. Provisions are made for internet credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

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.

Exceptional items

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

Interest income

Interest income is reported on an accrual basis using the effective interest method.

Government grants and similar income

Income from government grants that compensate the Group for the cost of an asset is recognised in the balance sheet as a deduction 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. The functional currency of the Company is also Sterling. Foreign currency transactions are translated into Sterling using the exchange rates prevailing on the dates of the transactions. Exchange differences of the Company 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 recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income. 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 52).

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 the weighted average cost method. Net realisable value is based on the estimated selling price less all estimated selling costs.

The Company receives trade discounts and rebates from suppliers based upon the volume of orders placed in a given time window and as a contribution towards marketing costs. Where there is sufficient certainty that a discount or rebate will be received in the future that relates to historic purchases this is reflected in the cost of inventories.

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.

Taxation

Tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent it relates to items recognised in the income statement, except to the extent it relates to items recognised in other comprehensive income or directly in equity.

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 substantively 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 income statement, except where they relate to items that are recorded in other comprehensive income or charged or credited directly to equity in which case the related deferred tax is also charged to other comprehensive income 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 schemes liabilities is included in finance costs.

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 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 dilapidation 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.

Contingent rental payments, above standard payments, are conditional on the Group's operating performance derived from the lease item, (e.g. turnover levels). These are expensed in the period in which they are incurred.

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 re-measurement 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 on-going basis. This effectiveness testing is performed at each period end to ensure that the hedge remains highly effective.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

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 re-measuring the derivative instrument is recognised directly in other comprehensive income.

The associated cumulative gain or loss is reclassified from other comprehensive income in the same period or periods during which the hedged transaction affects the profit or loss. The reclassification of the effective portion when recognised in the income statement is the same as the classification of the hedged transaction. Any element of the re-measurement 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 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 £11,927,000 was recognised in selling, distribution and administrative expenses for the 52 weeks ended 27 April 2014. The key details in respect of the share scheme charges are set out in note 21.

The credit for the share based payment charge does not equal the charge per the income statement as it excludes amounts recognised in the balance sheet in relation to the expected national insurance contributions for the shares and a transfer of accrued national insurance contributions in respect of previous years' charges which had previously been recognised in equity. The amount transferred is not material to the financial statements.

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.

Materiality

In preparing the financial statements, the Board considers both quantitative and qualitative factors in forming its judgements, and related disclosures, and are mindful of the need to best serve the interests of its stakeholders and to avoid unnecessary clutter borne of the disclosure of immaterial items.

In making this assessment the Board considers the nature of each item, as well as its size, in assessing whether any disclosure omissions or misstatements could influence the decisions of users of the financial statements.

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 ("IFRSB") 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 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014)

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.

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 CGUs 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 CGUs and the selection of a suitable discount rate. The key assumptions made in relation to the impairment review of goodwill are set out in note 15.

Impairment of other intangible assets

The calculation for considering the impairment of the carrying amount of other intangible assets with an indefinite life, specifically brands, trade marks and licences, requires a comparison of the present value of the 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.

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.

Impairment

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.

Provision for obsolete, slow moving or defective inventories

The Directors have applied their knowledge and experience of the retail industry in determining the level and rates of provisioning required in calculating the appropriate inventory carrying values.

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 provisions 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. Where an onerous lease has been identified, the assets dedicated to that contract are impaired.

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 on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

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

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

Liquidity risk

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

Capital management

A description of the Group's objectives, policies and processes for managing capital are included in note 27.

4. SEGMENTAL ANALYSIS

IFRS 8 - 'Operating Segments' requires the Group's segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker to assess performance and allocate resources across each operating segment.

The Chief Operating Decision Maker has been identified as the Executive Directors and the operating segments are identified as the store fascia or brand, in line with the internal reporting to the Executive Directors.

Sales and gross profit for each operating segment, as well as underlying EBITDA, are the main measures used by the Executive Directors to assess performance.

In accordance with paragraph 12 of IFRS 8 the Group's operating segments have been aggregated into the following reportable segments:

- Sports Retail – includes the results of the UK and International retail network of sports stores along with related websites;
- Premium Lifestyle – includes the results of the premium retail businesses such as Republic, Cruise and USC; and
- Brands – includes the results of the Group's portfolio of internationally recognised brands such as Everlast, Lonsdale and Dunlop.

The basis of the reportable segments has changed during the year, reflecting changes that have been made to internal reports used to assess performance and allocate resources across each operating segment. UK Sports Retail and International Sports Retail were previously reported as separate segments. These have now been aggregated to form the reportable segment: Sports Retail. The prior year disclosures have been restated to reflect this change.

Information regarding the Group's reportable segments for the 52 weeks ended 27 April 2014, as well as a reconciliation of reported profit for the period to underlying EBITDA, is presented on pages 54 to 56.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

Segmental information for the 52 weeks ended 27 April 2014:

	Retail (£'000)			Brands (£'000)	Eliminations (£'000)	Total (£'000)
	Sports Retail	Premium Lifestyle	Total	Total		
Sales to external customers	2,274,365	214,066	2,488,431	217,527	-	2,705,958
Sales to other segments	203	-	203	29,938	(30,141)	-
Revenue	2,274,568	214,066	2,488,634	247,465	(30,141)	2,705,958
Gross profit	974,952	86,263	1,061,215	93,707	-	1,154,922
Operating profit before foreign exchange and exceptional items	254,736	(25,729)	229,007	23,825	-	252,832
Operating profit	251,762	(25,588)	226,174	22,957	-	249,131
Other investment costs						7,017
Finance income						891
Finance costs						(19,853)
Share of profits of associated undertakings and joint ventures						2,266
Profit before taxation						239,452
Taxation						(59,839)
Profit for the period						179,613

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

Other segment items included in the income statement for the 52 weeks ended 27 April 2014:

	Retail (£'000)			Brands (£'000)	Total (£'000)
	Sports Retail	Premium Lifestyle	Total		
Depreciation	50,549	4,689	55,238	1,725	56,963
Amortisation	1,348	687	2,035	4,797	6,832
Impairment	-	-	-	284	284

Information regarding segment assets and liabilities as at 27 April 2014 and capital expenditure for the 52 weeks then ended:

	Sports Retail (£'000)	Premium Lifestyle (£'000)	Brands (£'000)	Eliminations (£'000)	Total (£'000)
	Investments in associated undertakings and joint ventures	42,176	-	(413)	-
Other assets	1,609,024	96,601	183,103	(229,752)	1,658,976
Total assets	1,651,200	96,601	182,690	(229,752)	1,700,739
Total liabilities	(893,269)	(123,554)	(96,114)	229,752	(883,185)
Tangible asset additions	141,328	6,978	2,961	-	151,267
Intangible asset additions	33,912	434	3,011	-	37,357
Total capital expenditure	175,240	7,412	5,972	-	188,624

Segmental information for the 52 weeks ended 28 April 2013:

	Retail (£'000)			Brands (£'000)	Eliminations (£'000)	Total (£'000)
	Sports Retail	Premium Lifestyle	Total	Total		
Sales to external customers	1,833,264	143,321	1,976,585	208,995	-	2,185,580
Sales to other segments	8,288	-	8,288	33,807	(42,095)	-
Revenue	1,841,552	143,321	1,984,873	242,802	(42,095)	2,185,580
Gross profit	738,281	62,655	800,936	93,822	-	894,758
Operating profit before foreign exchange and exceptional items	192,764	(1,059)	191,705	18,291	-	209,996
Operating profit	194,080	(980)	193,100	19,904		213,004
Other investment income						1,473
Finance income						1,117
Finance costs						(9,688)
Share of profits of associated undertakings and joint ventures						1,320
Profit before taxation						207,226
Taxation						(55,569)
Profit for the period						151,657

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 28 April 2013:

	Retail (£'000)		Total	Brands (£'000)	Total (£'000)
	Sports Retail	Premium Lifestyle			
Depreciation	43,521	1,906	45,427	2,493	47,920
Amortisation	81	113	194	4,482	4,676
Impairment	314	-	314	1,903	2,217

Information regarding segment assets and liabilities as at 28 April 2013 and capital expenditure for the 52 weeks then ended:

	Sports Retail (£'000)	Premium Lifestyle (£'000)	Brands (£'000)	Eliminations (£'000)	Total (£'000)
Investments in associated undertakings and joint ventures	32,117	-	-	-	32,117
Other assets	1,181,033	37,266	191,082	(32,915)	1,376,466
Total assets	1,213,150	37,266	191,082	(32,915)	1,408,583
Total liabilities	(651,046)	(43,914)	(101,861)	32,915	(763,906)
Tangible asset additions	52,891	10,284	3,888	-	67,063
Intangible asset additions	1,460	3,447	1,823	-	6,730
Total capital expenditure	54,351	13,731	5,711	-	73,793

Geographic information

Segmental information for the 52 weeks ended 27 April 2014:

	UK (£'000)	Non-UK (£'000)	Eliminations (£'000)	Total (£'000)
Segmental revenue from external customers	2,063,724	642,234	-	2,705,958
Total capital expenditure	84,956	103,668	-	188,624
Segmental assets	1,526,405	404,086	(229,752)	1,700,739

Segmental information for the 52 weeks ended 28 April 2013:

	UK (£'000)	Non-UK (£'000)	Eliminations (£'000)	Total (£'000)
Segmental revenue from external customers	1,842,429	343,151	-	2,185,580
Total capital expenditure	59,556	14,237	-	73,793
Segmental assets	1,214,320	227,178	(32,915)	1,408,583

The following table reconciles the reported operating profit to the underlying EBITDA as it is one of the main measures used by the Chief Operating Decision Maker when reviewing performance:

Reconciliation of operating profit to underlying EBITDA for the 52 week period ending 27 April 2014.

	Sports Retail (£'000)	Premium Lifestyle (£'000)	Brands (£'000)	Total (£'000)
Operating profit	251,762	(25,588)	22,957	249,131
Depreciation	50,549	4,689	1,725	56,963
Impairment	-	-	284	284
Amortisation	1,348	687	4,797	6,832
Exceptional items	5,531	-	-	5,531
Share of profit / (loss) of associated undertakings	2,679	-	(413)	2,266
Reported EBITDA	311,869	(20,212)	29,350	321,007
Charges for the bonus share scheme	11,927	-	-	11,927
Realised FX gain	(2,557)	(141)	868	(1,830)
Underlying EBITDA	321,239	(20,353)	30,218	331,104

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

Reconciliation of operating profit to underlying EBITDA for the 52 week period ending 28 April 2013.

	Sports Retail (£'000)	Premium Lifestyle (£'000)	Brands (£'000)	Total (£'000)
Operating profit / (loss)	194,080	(980)	19,904	213,004
Depreciation	43,521	1,906	2,493	47,920
Impairment	314	-	1,903	2,217
Amortisation	81	113	4,482	4,676
Exceptional items	-	-	(625)	(625)
Share of profit / (loss) of associated undertakings	1,161	-	(210)	951
Reported EBITDA	239,157	1,039	27,947	268,143
Charges for the bonus share scheme	22,183	-	-	22,183
Realised FX gain	(1,316)	(79)	(988)	(2,383)
Underlying EBITDA	260,024	960	26,959	287,943

5. OTHER OPERATING INCOME

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Rent receivable	6,118	4,249
Other	2,465	2,950
	8,583	7,199

6. EXCEPTIONAL ITEMS

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Profit on disposal of intangible asset	-	625
Impairment of tangible assets	(5,531)	-
	(5,531)	625

The impairment relates to assets in a newly acquired entity that were no longer required post acquisition.

7. OPERATING PROFIT

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

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Foreign exchange gains	(1,830)	(2,383)
Depreciation of property, plant and equipment		
- owned assets	56,963	47,920
Amortisation of intangible assets	6,832	4,676
Impairment of intangible assets	284	2,217
Operating lease rentals		
- Land and buildings	127,341	93,320
- Other	708	699
Loss on disposal of tangible fixed assets	-	2,636

Services provided by the Group's auditor

For the 52 weeks ended 27 April 2014 the remuneration of the auditors, Grant Thornton UK LLP and associated firms, was as detailed below:

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Audit services		
Audit of the Company's and the consolidated financial statements	85	83
Audit of subsidiary companies' financial statements	585	585
Non-Audit services		
Other services relating to taxation	249	260
All other services	208	86

8. EMPLOYEE COSTS

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

	52 weeks ended	
	27 April 2014 (Number)	28 April 2013 (Number)
Retail stores	13,609	11,078
Distribution, administration and other	3,556	2,998
	17,165	14,076

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

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Wages and salaries	278,714	204,885
Social security costs	27,835	15,407
Pension costs	1,399	811
	307,948	221,103

A share-based payment charge of £11,927,000 (2013: £22,183,000) was recognised in respect of share awards during the year. This is inclusive of the related charges for expected national insurance contributions.

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

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Aggregate emoluments	605	655

Further details of Directors' remuneration are given in the Directors' Remuneration Report on pages 33 to 40.

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

9. OTHER INVESTMENT INCOME

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Profit on disposal of available-for-sale financial assets	5,413	-
Dividend income from investments	1,604	1,473
	7,017	1,473

10. FINANCE INCOME

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Bank interest receivable	761	915
Other interest receivable	130	202
	891	1,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

11. FINANCE COSTS

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Interest on bank loans and overdrafts	7,513	6,606
Interest on other loans and finance leases	600	590
Interest on retirement benefit obligations (note 24)	547	497
Fair value adjustment to forward foreign exchange contracts ⁽¹⁾	11,193	1,995
	19,853	9,688

⁽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

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Current tax	57,569	59,298
Adjustment in respect of prior periods	(280)	1,476
	57,289	60,774
Deferred tax (note 25)	2,550	(5,205)
	59,839	55,569
Tax reconciliation		
Profit before taxation	239,452	207,226
Taxation at the standard rate of tax in the UK of 23% (2013: 24%)	55,074	49,734
Tax effects of:		
Expenses not deductible for tax purposes	1,445	1,669
Capital gain not deductible for tax purposes	-	(150)
Overseas tax losses	2,509	-
Other tax adjustments	1,011	1,584
Adjustments in respect of prior periods - Current tax	(280)	1,476
Adjustments in respect of prior periods - Deferred tax	80	1,256
	59,839	55,569

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, 585,513,537 (2013: 568,971,942), is adjusted to assume conversion of all dilutive potential ordinary shares under the Group's Bonus Share Schemes, being 32,676,278 (2013: 51,852,895), to give the diluted weighted average number of shares of 618,189,815 (2013: 620,824,837).

Basic and diluted earnings per share

	52 weeks ended			
	27 April 2014 Basic (£'000)	27 April 2014 Diluted (£'000)	28 April 2013 Basic (£'000)	28 April 2013 Diluted (£'000)
Profit for the period	180,245	180,245	151,596	151,596
	Number in thousands		Number in thousands	
Weighted average number of shares	585,514	618,190	568,972	620,825
	Pence per share		Pence per share	
Earnings per share	30.8	29.2	26.6	24.4

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 non-trading items.

The Directors believe that the underlying earnings before exceptional items and underlying earnings per share measures provide additional useful information for shareholders on the underlying performance of the business, and are consistent with how business performance is measured internally. Underlying earnings is not a recognised profit measure under IFRS and may not be directly comparable with “adjusted” profit measures used by other companies.

	52 weeks ended			
	27 April 2014 Basic (£'000)	27 April 2014 Diluted (£'000)	28 April 2013 Basic (£'000)	28 April 2013 Diluted (£'000)
Profit for the period	180,245	180,245	151,596	151,596
Post tax adjustments to profit for the period for the following non-trading items:				
Realised gain on forward exchange contracts	(1,373)	(1,373)	(1,763)	(1,763)
Fair value adjustment to forward foreign exchange contracts	8,395	8,395	1,476	1,476
Profit on disposal of listed investments	(4,060)	(4,060)	-	-
Impairment of fixed assets	4,148	4,148	-	-
Profit on sale of intangible assets	-	-	(463)	(463)
Fair value adjustments within associated undertakings	-	-	(273)	(273)
Impairment of goodwill	284	284	2,217	2,217
Underlying profit for the period	187,639	187,639	152,790	152,790
	Number in thousands		Number in thousands	
Weighted average number of shares	585,514	618,190	568,972	620,825
	Pence per share		Pence per share	
Underlying earnings per share	32.1	30.3	26.9	24.6

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings (£'000)	Long-term leasehold improvements (£'000)	Short-term leasehold improvements (£'000)	Plant and equipment (£'000)	Total (£'000)
Cost					
At 29 April 2012	219,534	11,386	113,230	343,043	687,193
Exchange differences	289	16	-	3,706	4,011
Acquisitions	8,173	-	2,811	5,196	16,180
Additions	9,692	815	-	40,376	50,883
Eliminated on disposals	(200)	(256)	(7,963)	(5,066)	(13,485)
At 28 April 2013	237,488	11,961	108,078	387,255	744,782
Exchange differences	(3,634)	358	-	(8,884)	(12,160)
Acquisitions	68,448	39	-	15,476	83,963
Additions	20,808	904	6,591	39,001	67,304
Eliminated on disposals	(754)	(430)	(2,228)	(6,956)	(10,368)
At 27 April 2014	322,356	12,832	112,441	425,892	873,521
Accumulated depreciation and impairment					
At 29 April 2012	(32,684)	(4,792)	(73,257)	(263,437)	(374,170)
Exchange differences	(93)	(15)	-	(1,318)	(1,426)
Charge for the period	(731)	(95)	(6,742)	(40,352)	(47,920)
Eliminated on disposals	4	88	5,612	5,066	10,770
At 28 April 2013	(33,504)	(4,814)	(74,387)	(300,041)	(412,746)
Exchange differences	137	(137)	(166)	7,229	7,063
Charge for the period	(7,567)	(150)	(6,444)	(42,802)	(56,963)
Impairment	-	-	-	(5,531)	(5,531)
Eliminated on disposals	745	-	995	5,277	7,017
At 27 April 2014	(40,189)	(5,101)	(80,002)	(335,868)	(461,160)
Net book amount					
At 27 April 2014	282,167	7,731	32,439	90,024	412,361
At 28 April 2013	203,984	7,147	33,691	87,214	332,036

Additions in the prior year do not reconcile directly to the purchase of property, plant and equipment per the consolidated cash flow statement due to non-cash additions.

The impairment relates to assets in a newly acquired entity that were no longer required post acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

15. INTANGIBLE ASSETS

	Goodwill (£'000)	Trademarks and licences (£'000)	Brands (£'000)	Total (£'000)
Cost				
At 29 April 2012	136,312	50,037	76,039	262,388
Arising on business combinations	6,731	-	-	6,731
Additions through business combinations	-	4,448	-	4,448
Other additions	-	2,282	-	2,282
Exchange adjustment	3,895	1,128	4,952	9,975
At 28 April 2013	146,938	57,895	80,991	285,824
Arising on business combinations	30,683	-	-	30,683
Additions through business combinations	-	4,847	-	4,847
Other additions	-	1,827	-	1,827
Disposals	(4,053)	(1,000)	-	(5,053)
Exchange adjustment	(8,348)	(1,473)	(7,705)	(17,526)
At 27 April 2014	165,220	62,096	73,286	300,602
Amortisation and impairment				
At 29 April 2012	(14,581)	(22,657)	-	(37,238)
Amortisation charge	-	(4,676)	-	(4,676)
Impairment	(2,217)	-	-	(2,217)
Exchange adjustment	(335)	(938)	-	(1,273)
At 28 April 2013	(17,133)	(28,271)	-	(45,404)
Amortisation charge	-	(6,832)	-	(6,832)
Impairment	(284)	-	-	(284)
Disposals	3,897	1,000	-	4,897
Exchange adjustment	1,849	281	-	2,130
At 27 April 2014	(11,671)	(33,822)	-	(45,493)
Net book amount				
At 27 April 2014	153,549	28,274	73,286	255,109
At 28 April 2013	129,805	29,624	80,991	240,420

Amortisation is charged to selling, distribution and administrative expenses in the consolidated income statement.

The carrying value of goodwill and brands that are considered to have an indefinite life are allocated to the Group's operating segments before aggregation. With the exception of Everlast, none of the individual cash-generating units (CGUs) are considered material to goodwill or indefinite life intangibles (Brands). The carrying value of goodwill and brands allocated to the Group's CGUs, (as aggregated except in the case of Everlast), is shown below:

	Goodwill (£'000)	Brands (£'000)
UK Sports Retail	9,820	8,500
International Sports Retail	34,691	-
Premium Lifestyle	13,692	-
Brands (excl. Everlast)	40,908	2,192
Everlast	54,438	62,594
	153,549	73,286

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 each CGU to which the intangible assets are allocated. A CGU is deemed to be an individual fascia, these have been grouped together into similar classes for the purpose of formulating operating segments as reported in note 4.

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 CGUs.

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 27 April 2014 were as follows:

	UK Sports Retail	International Sports Retail	Premium Lifestyle	Brands (excl. Everlast)	Everlast
Sales growth	5%-6%	5%-6%	3%-4%	6%	1% - 5%
Terminal sales growth	2%	2%	2%	2%	2%
Gross margin	35% - 45%	35% - 45%	40% - 50%	15% - 50%	25% - 30%
Capital expenditure	Nil - £1m	Nil - £1m	Nil - £1m	Nil - £1m	Nil - £1m
Discount rates	11.83%	11.83%	11.83%	11.83%	18.67%

The Group Weighted Average Cost of Capital is used in UK Sports Retail, International Sports Retail, Premium Lifestyle and Brands (excl. Everlast) as these CGU's are considered to have similar risk profiles.

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.

All key assumptions are consistent with known external sources of information.

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)
At 29 April 2012	29,470
Exchange differences	1,301
Additions	26
Fair value adjustments to financial instruments	369
Share of profit	951
At 28 April 2013	32,117
Exchange differences	(620)
Additions	8,000
Share of profit	2,266
At 27 April 2014	41,763

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 significant influence over the financial and operating policies of Warrnambool, the parent company of Heatons, and so will continue to account for the Company as an associate.

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.

The remaining associates are not material in the context of the Group accounts.

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

	27 April 2014 (£'000)	28 April 2013 (£'000)
Share of non-current assets	51,702	44,108
Share of current assets	24,459	18,889
Share of non-current liabilities	(18,259)	(19,153)
Share of current liabilities	(16,139)	(11,727)
	41,763	32,117

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Income	95,751	97,791
Expenses	(92,975)	(95,991)
Profit before taxation	2,776	1,800
Taxation	(510)	(849)
Profit for the period	2,266	951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	27 April 2014 (£'000)	28 April 2013 (£'000)
Available-for-sale financial assets	116,504	47,645

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:

	27 April 2014 (£'000)	28 April 2013 (£'000)
At beginning of period	47,645	46,634
Additions	55,467	-
Disposals	(43,981)	-
Revaluation through other comprehensive income	57,373	1,011
At end of period	116,504	47,645

The disposal above relates to financial assets that were acquired in the year and therefore there is no reclassification adjustment between equity and the income statement on disposal.

The financial assets at 27 April 2014 relate to strategic investments held of between 11.1% and 11.8% in share capital.

At 28 April 2013 and 27 April 2014 the Group had no investments in excess of 20% of share capital.

18. INVENTORIES

	27 April 2014 (£'000)	28 April 2013 (£'000)
Raw materials	147	3,861
Goods for resale	565,332	443,101
	565,479	446,962

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

	27 April 2014 (£'000)	28 April 2013 (£'000)
Cost of inventories recognised as an expense	1,551,036	1,290,822

19. TRADE AND OTHER RECEIVABLES

	27 April 2014 (£'000)	28 April 2013 (£'000)
Trade receivables	60,851	50,417
Amounts owed by related parties	7,450	7,564
Other debtors	19,060	8,804
Prepayments	35,653	29,326
	123,014	96,111

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:

	27 April 2014 (£'000)	28 April 2013 (£'000)
Current	34,667	36,786
0-30 days past due	18,467	5,513
30-60 days past due	3,713	1,759
60-90 days past due	1,194	2,082
Over 90 days past due	2,810	4,277
	60,851	50,417

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

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

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Opening position	6,674	4,061
Amounts charged to the income statement	2,343	3,322
Amounts written off as uncollectable	(649)	(520)
Amounts recovered during the year	(32)	(189)
Closing position	8,336	6,674

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

	27 April 2014 (£'000)	28 April 2013 (£'000)
Cash in bank and in hand - Sterling	113,327	106,617
Cash in bank and in hand - US dollars	15,874	17,309
Cash in bank and in hand - Euros	21,443	22,706
Cash in bank and in hand - Other	380	743
	151,024	147,375
Bank overdraft (note 23)	(5,742)	(5,701)
Cash and cash equivalents including overdrafts at period end	145,282	141,674

21. SHARE CAPITAL

	27 April 2014 (£'000)	28 April 2013 (£'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 (2013: 640,602,369) ordinary shares of 10p each	64,060	64,060
Share Capital		
At 28 April 2013 and 27 April 2014	64,060	64,060

The Group holds 42,137,508 shares in Treasury.

On 6 August 2013, Appleby Trust (Jersey) Limited, as trustee of the Sports Direct Employee Benefit Trust (the "the Trust"), sold 17,000,000 ordinary shares in a secondary placing on the London Stock Exchange, with Goldman Sachs and Espirito Santo Investment Bank acting as joint bookrunners. These shares represent all the ordinary shares which the Sports Direct employees elected to sell on vesting of their awards under the 2009 Employee Bonus Share Scheme. A further 2,420,406 shares vested and were distributed to relevant staff.

On 2 October 2013 the 4,000,000 shares granted under the 2009 Executive Bonus Share Scheme vested. At 27 April 2014, the trust held 6,170,490 shares.

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 pages 33 to 40.

An award of 8,073,036 shares was granted on 10 September 2010 at a share price of 125.5 pence, 4,000,000 of these shares have since vested and 1,000,000 have since lapsed. These shares will only vest if the performance conditions (EBITDA targets) and service conditions (continued employment) are met. No consideration is payable in respect of these awards.

The Bonus Share Scheme

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 125.5 pence. At 27 April 2014 22,672,000 (28 April 2013: 22,672,000) remained outstanding. These shares will only vest if the performance conditions (EBITDA targets) and service conditions (continued employment) are met over the next year.

A share-based payment charge of £11,927,000 was recognised in respect of these share awards for the 52 weeks ended 27 April 2014, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

22. OTHER RESERVES

	Share capital (£'000)	Share premium (£'000)	Permanent contribution to capital (£'000)	Capital redemption reserve (£'000)	Reverse combination reserve (£'000)	Hedging reserve (£'000)	Total other reserves (£'000)
At 29 April 2012	64,060	874,300	50	8,005	(987,312)	417	(40,480)
Cash flow hedges							
- recognised in the period	-	-	-	-	-	15,408	15,408
- reclassified and reported in net profit	-	-	-	-	-	196	196
At 28 April 2013	64,060	874,300	50	8,005	(987,312)	16,021	(24,876)
Cash flow hedges							
- recognised in the period	-	-	-	-	-	(3,737)	(3,737)
- reclassified and reported in net profit	-	-	-	-	-	(17,909)	(17,909)
At 27 April 2014	64,060	874,300	50	8,005	(987,312)	(5,625)	(46,522)

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

The permanent contribution to capital relates to a cash payment of £50,000 to the Company on 8 February 2007 under a deed of capital contribution.

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

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.

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in the income statement only when the hedged transaction impacts the income statement.

Other Balance Sheet Reserves

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 own shares and treasury shares reserve represent the cost of shares in Sports Direct International plc purchased in the market and held by Sports Direct International plc Employee Benefit Trust to satisfy options under the Group's share options scheme, see note 21.

23. BORROWINGS

	27 April 2014 (£'000)	28 April 2013 (£'000)
Non-current:		
Bank and other loans	6,764	245,625
Obligations under finance leases	-	2
	6,764	245,627
Current:		
Bank overdrafts	5,742	5,701
Bank and other loans	350,484	50,052
	356,226	55,753
Total borrowings:		
Bank overdrafts	5,742	5,701
Bank and other loans	357,248	295,677
Obligations under finance leases	-	2
	362,990	301,380

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

	27 April 2014 (£'000)	28 April 2013 (£'000)
Borrowings — Sterling	240,731	250,203
Borrowings — Other	116,517	45,476
	357,248	295,679

Loans are all at rates of interest ranging between 1.15% and 2.0% over the interbank rate of the country within which the borrowing entity resides.

At 27 April 2014 the company had access to the following unsecured working capital facilities:

- a revolving facility agreement with ten financial institutions, with HSBC Bank plc acting as Agent of £300 million. At the year end a total of £214 million was drawn down against this facility
- a revolving facility agreement with Barclays Bank plc with an aggregate limit of £50 million. At the year end this facility was fully drawn down
- a revolving facility agreement with Handelsbanken plc with an aggregate limit of £25 million. At the year end this facility was fully drawn down

All of the above facilities were available until 6 March 2015.

On 28 May 2014 the company refinanced the above facilities and entered into a new committed unsecured revolving facility agreement with thirteen financial institutions, with Barclays Bank plc acting as Agent. This revolving facility can be drawn to an aggregate limit of £688 million and is available until 27 September 2018.

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

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

Net debt at 27 April 2014 was £212.0m (29 April 2013: £154.0m).

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 has been closed to new members since 2005.

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

	27 April 2014 (£'000)	28 April 2013 (£'000)	29 April 2012 (£'000)	24 April 2011 (£'000)	25 April 2010 (£'000)
Total fair value of plan assets	49,498	47,411	40,105	36,858	33,149
Present value of plan liabilities	(64,848)	(67,351)	(59,423)	(53,044)	(52,888)
Net plan obligations	(15,350)	(19,940)	(19,318)	(16,186)	(19,739)
Experience adjustments on plan liabilities	(46)	(7,190)	(5,539)	869	(12,645)
Experience adjustments on plan assets	3,906	4,372	38	1,208	4,461

The cumulative amount of actuarial gains and losses recognised in other comprehensive income as at 27 April 2014 was an actuarial loss of £10,195,000 (2013: actuarial loss of £13,519,000).

There were no unrecognised actuarial gains or losses or past service costs as at 28 April 2013 or 27 April 2014.

Amounts recognised in the income statement are as follows:

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Current service cost	22	14
Net interest expense	547	497
	569	511

The current service cost is included within cost of sales. The net interest expense is included within finance costs.

Amounts recognised in other comprehensive income are as follows:

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Actual return on scheme assets excluding amounts included in net interest income	(46)	4,372
Actuarial gains/(losses) relating to plan liabilities	3,906	(7,190)
	3,860	(2,818)

The actual return on plan assets for the 52 weeks ended 27 April 2014 was a gain of £1,855,000 (2013: gain of £6,321,000).

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

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
At the start of the period	47,411	40,105
Interest income based on discount rate	1,901	1,949
Actuarial (loss)/gain	(46)	4,372
Employer contributions	2,708	2,708
Employee contributions	12	11
Benefits paid out	(2,488)	(1,734)
At the end of the period	49,498	47,411

The Group expects to contribute £2,720,000 to its defined benefit pension plans for the 52 weeks ended 26 April 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

The plan asset mix was as follows:

	27 April 2014 (£'000)	28 April 2013 (£'000)
Equities	22,807	23,555
Bonds	26,313	23,149
Cash and other	378	707
	49,498	47,411

The fair values of the above investments are determined based on publicly available market prices wherever available. Unquoted investments are stated at fair value estimates provided by the manager of the investment or fund.

The principal assumptions underlying the actuarial assessments are:

	27 April 2014 (%)	28 April 2013 (%)
Inflation rate	3.4	3.3
Future pension increases	3.3	3.3
Discount rate	4.3	4.0

Mortality assumptions:

	27 April 2014	28 April 2013
Life expectancy at 65 at period end:		
Future pensioners – male	87.7	87.6
Future pensioners – female	90.2	89.8
Current pensioners – male	86.0	86.2
Current pensioners – female	88.3	88.3

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

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
At the start of the period	(67,351)	(59,423)
Current service cost	(22)	(14)
Interest cost	(2,429)	(2,446)
Actuarial gain/(loss)	3,906	(7,190)
Employee contributions	(12)	(11)
Benefits paid out	2,488	1,734
Exchange gain / (loss)	806	(1)
Acquisitions (note 29)	(2,234)	-
At the end of the period	(64,848)	(67,351)

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

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Net liability at the start of the period	(19,940)	(19,318)
Movement in fair value of plan assets	2,087	7,306
Movements in the present value of the plan liabilities	2,503	(7,928)
Net liability at the end of the period	(15,350)	(19,940)

In addition to the amounts recognised in relation to the defined benefit retirement plans, amounts of £519,000 and £155,000 have been recognised in the income statement for the periods ended 28 April 2013 and 27 April 2014 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 29 April 2012	1,320	525	6,212	(1,221)	6,836
Credited / (charged) to the income statement	1,080	(986)	(259)	5,370	5,205
Credited to the statement of other comprehensive income	-	-	648	3,988	4,636
Credited to reserves in respect of Bonus Share Scheme	-	-	-	6,297	6,297
At 28 April 2013	2,400	(461)	6,601	14,434	22,974
Credited / (charged) to the income statement	2,142	(24)	(275)	(4,393)	(2,550)
Credited to the statement of other comprehensive income	-	-	(698)	(4,170)	(4,868)
Credited to reserves in respect of Bonus Share Scheme	-	-	-	(11,214)	(11,214)
Arising on acquisition	-	2,742	-	-	2,742
At 27 April 2014	4,542	2,257	5,628	(5,343)	7,084

	27 April 2014 (£'000)	28 April 2013 (£'000)
Deferred tax assets	31,130	47,952
Deferred tax liabilities	(24,046)	(24,978)
Net deferred tax balance	7,084	22,974

The tax rate used to measure the deferred tax assets and liabilities was 21% on the basis this was the tax rate that was substantively enacted at the balance sheet date.

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.

The deferred tax effects of the acquisitions made in the year were considered and it was determined that there was no material impact on the group or the fair value of net assets acquired.

26. PROVISIONS

	Dilapidations (£'000)	Onerous contracts and other property costs (£'000)	Total (£'000)
At 28 April 2013	31,838	9,234	41,072
Amounts provided	2,390	1,589	3,979
Amounts utilised	(19)	(1,517)	(1,536)
Amounts reversed	(366)	(5,369)	(5,735)
At 27 April 2014	33,843	3,937	37,780

The dilapidations provision is the best estimate of the present value of expenditure expected to be incurred by the Group in order to 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

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 - 2014					
Property, plant and equipment	-	-	-	412,361	412,361
Intangible assets	-	-	-	255,109	255,109
Investments in associated undertakings and joint ventures	-	-	-	41,763	41,763
Available-for-sale financial assets	-	-	116,504	-	116,504
Deferred tax assets	-	-	-	31,130	31,130
Inventories	-	-	-	565,479	565,479
Derivative financial assets	-	4,355	-	-	4,355
Trade and other receivables	60,851	-	-	62,163	123,014
Cash and cash equivalents	151,024	-	-	-	151,024
	211,875	4,355	116,504	1,368,005	1,700,739
Assets - 2013					
Property, plant and equipment	-	-	-	332,036	332,036
Intangible assets	-	-	-	240,420	240,420
Investments in associated undertakings and joint ventures	-	-	-	32,117	32,117
Available-for-sale financial assets	-	-	47,645	-	47,645
Deferred tax assets	-	-	-	47,952	47,952
Inventories	-	-	-	446,962	446,962
Derivative financial assets	-	17,965	-	-	17,965
Trade and other receivables	66,785	-	-	29,326	96,111
Cash and cash equivalents	147,375	-	-	-	147,375
	214,160	17,965	47,645	1,128,813	1,408,583
Liabilities - 2014					
			Liabilities at fair value through profit and loss (£'000)	Non-financial liabilities (£'000)	Total (£'000)
Non-current borrowings		6,764	-	-	6,764
Retirement benefit obligations		-	-	15,350	15,350
Deferred tax liabilities		-	-	24,046	24,046
Provisions		-	-	37,780	37,780
Derivative financial liabilities		-	18,665	-	18,665
Trade and other payables	239,463	-	-	152,556	392,019
Current borrowings	356,226	-	-	-	356,226
Current tax liabilities	-	-	-	32,335	32,335
	602,453	18,665	18,665	262,067	883,185
Liabilities - 2013					
Non-current borrowings		245,625	-	2	245,627
Retirement benefit obligations		-	-	19,940	19,940
Deferred tax liabilities		-	-	24,978	24,978
Provisions		-	-	41,072	41,072
Trade and other payables	263,943	-	-	56,318	320,261
Current borrowings	55,753	-	-	-	55,753
Current tax liabilities	-	-	-	56,275	56,275
	565,321	-	-	198,585	763,906

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 27 April 2014, the only financial instruments held at fair value were Derivative financial assets and liabilities, which are classified as Level 2, and Available-for-sale financial assets, which are classified as Level 1.

(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:

	27 April 2014 (£'000)	28 April 2013 (£'000)
Fair value of derivative financial instruments - assets	4,355	17,965
Fair value of derivative financial instruments - (liabilities)	(18,665)	-

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

	27 April 2014 (£'000)	28 April 2013 (£'000)
US dollar purchases	540,349	285,000
Contracted rates	1.61 – 1.71	1.63
Euro sales	-	(44,031)
Contracted rates	-	1.13-1.14

At 27 April 2014 £540m of forward US dollar purchase contracts qualified for hedge accounting and the loss on fair valuation of these contracts of £21.6m has therefore been recognised in other comprehensive income. This amount is split between a loss of £3.7m recognised in the period and a loss of £17.9m reclassified in the period.

Forward foreign currency purchase and sale contracts generally have a maturity at inception of approximately 12 months. At 27 April 2014 £245m of purchase contracts had a maturity at inception of greater than 12 months (2013: £nil of purchase contracts and £nil of sale 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	
	27 April 2014 (£'000)	28 April 2013 (£'000)	27 April 2014 (£'000)	28 April 2013 (£'000)
Sterling strengthens by 5%				
US dollar	812	1	(5,205)	(1,783)
Euro	2,218	34	2,218	34
Sterling weakens by 5%				
US dollar	(852)	(702)	5,465	1,872
Euro	(2,329)	(35)	(2,329)	(35)

Interest rate sensitivity analysis

The following table 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

Positive figures represent an increase in profit or equity:

	Income statement		Equity	
	27 April 2014 (£'000)	28 April 2013 (£'000)	27 April 2014 (£'000)	28 April 2013 (£'000)
Interest rate increase of 0.5%	(1,690)	(1,507)	(1,690)	(1,507)
Interest rate decrease of 0.5%	1,690	1,507	1,690	1,507

(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)
2014					
Bank loans and overdrafts	356,226	1,731	5,237	-	363,193
Trade and other payables	239,463	-	-	-	239,463
Derivative financial liabilities					
Cash inflows	(401,718)	(105,177)	-	-	(506,895)
Cash outflows	414,776	105,263	-	-	520,039
	608,747	1,817	5,237	-	615,800
2013					
Bank loans and overdrafts	50,450	102	250,228	2,256	303,036
Obligations under finance leases	-	1	1	-	2
Trade and other payables	169,976	-	-	-	169,976
Derivative financial liabilities					
Cash inflows	(344,439)	-	-	-	(344,439)
Cash outflows	327,087	-	-	-	327,087
	203,074	103	250,229	2,256	455,662

Capital management

The capital structure of the Group consists of equity attributable to the equity holders of the parent, comprising issued share capital, share premium and retained earnings and cash and borrowings.

It is the Group's policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the development of the business.

In respect of equity, the Board have decided that, in order to maximise flexibility in the near term with regards to a number of inorganic growth opportunities under review, not to return any cash by way of a dividend at this time.

The Board is committed to keeping this policy under review and that it would look to evaluate alternative methods of returning cash to shareholders when appropriate.

The objective of the Bonus Share Scheme is to encourage employee share ownership and to link employee's remuneration to the performance of the company. It is not designed as a means of managing capital.

In respect of cash and borrowings the Board regularly monitors the ratio of net debt to underlying EBITDA, the working capital requirements and forecasted cash flows however no minimum or maximum ratios are set. The ratio for net debt to reported underlying EBITDA, excluding charges for the bonus share schemes, is 0.64 (2013: 0.58). The objective is to keep this figure below 2.5.

Based on this analysis, the Board determines the appropriate return to equity holders whilst ensuring sufficient capital is retained within the Group to meet its strategic objectives, including but not limited to, acquisition opportunities.

These capital management policies have remained unchanged from the prior year.

28. TRADE AND OTHER PAYABLES

	27 April 2014 (£'000)	28 April 2013 (£'000)
Trade payables	239,463	169,976
Amounts owed to related undertakings	22	167
Other taxes including social security costs	22,230	23,684
Other payables	10,263	32,634
Accruals	120,041	93,800
	392,019	320,261

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

29. ACQUISITIONS

Details of principal acquisitions for the 52 weeks ended 27 April 2014 are set out below.

- i. 29 April 2013 Acquired the remaining 20% of the ordinary share capital of Cruise Clothing Limited. As this is an acquisition of a non-controlling interest it is outside the scope of IFRS 3. The difference between the consideration paid (£1.0m) and the value of non-controlling interests at the date of acquisition (£0.6m) has been recognised as a debit to retained earnings of £0.4m.
- ii. 21 June 2013 Acquired the trading assets of Gelert out of administration for cash consideration of £4.7m. The primary business activity was the wholesale and retail of outdoor sporting equipment and clothing and was acquired to complement existing business activities.
- iii. 28 June 2013 Acquired 51% of the ordinary share capital of the Sports Eybl and Sports Experts Group (EAG), a retailer with 58 stores based in Austria, for consideration of €10.5m. The primary business activity was the sale of sporting equipment and clothing, and was acquired in order to enter new territories as part of the Group's European expansion plan.
- In addition the Group entered into a put and call agreement to acquire the remaining 49%. This option was exercised on 26 March 2014 for consideration of €12.75m such that the Group now has full control and ownership of EAG which better enables the Group to implement its plans and strategy in this region.
- As this is an acquisition of a non-controlling interest it is outside the scope of IFRS 3. The difference between the consideration paid (£11.1m) and the value of non-controlling interests at the date of acquisition (£8.5m) has been recognised as a debit to retained earnings of £19.5m.
- iv. 12 August 2013 Acquired 60% of the ordinary share capital of SIG, based in the Baltic region, for cash consideration of €7.0m. The primary business activity was the sale of sporting equipment and clothing and was acquired in order to enter new territories as part of the Group's European expansion plan.
- In addition to acquiring 60% of the share capital of SIG, the Group entered into a call option to acquire the remaining 40%. The risks and rewards of ownership of the remaining 40% remain with the non-controlling interests and therefore the option is accounted for separately. The call option has been recognised at fair value through profit or loss using the usual method of accounting for derivatives at their net fair value. At the year end date no value has been attributed to the option.

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

	EAG (£'000)	SIG (£'000)	Other (£'000)	Total (£'000)
Cash consideration	9,060	5,989	6,450	21,499
Less: fair value of net liabilities/(assets) acquired	10,805	3,500	(5,121)	9,184
Goodwill	19,865	9,489	1,329	30,683

The strategic rationale for the acquisitions of EAG and SIG was to enter into new European territories in accordance with the Group's stated strategy. The premium paid represents the local employee and management expertise and ready-made infrastructure in these markets for which a value cannot be attributed to under IFRS3.

In accounting for these acquisitions the Group has considered whether any fair value adjustments to the assets and liabilities, including any separately identifiable intangible assets, need to be recognised.

The following items were considered by the Group:

Freehold property – the majority of the £80.6m of property, plant and equipment in the EAG balance sheet is freehold property. The Group referred to a property valuation report that was prepared shortly before the acquisition which provided comfort that the book value was not materially different to market value. Accordingly no fair value adjustment has been made.

Brands / Contracts – the principal activities of both EAG and SIG are the retailing of third-party branded products. There were no internally generated brands or other commercial contracts that formed part of the acquisition.

Fascia names – both EAG and SIG trade from established fascia names. The Group considered the value of these fascia names using the current level of retail sales and an indicative royalty rate discounted at an appropriate risk adjusted cost of capital. This exercise indicated that there was no material value to be attributed to the fascia names. Accordingly no fair value adjustment has been made.

Websites – the websites acquired were not generating profits and therefore no value has been attributed to them.

Operating leases – there are a number of operating leases within both EAG and SIG. The Group consider the rentals payable under these leases to be approximate to market value. Accordingly no fair value adjustment has been made for intangible assets relating to operating leases. The Group did identify that no provision had been made locally in respect of loss making stores and therefore a fair value adjustment has been recognised to align this with the Group's policy.

Costs of £1.2m relating to the above acquisitions were expensed through the income statement during the year and were expensed as administration expenses.

None of the acquisitions included in 'other' above are considered to be individually material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

EAG

The asset values at acquisition are detailed below:

	Carrying values at acquisition (£'000)	Fair value adjustment (£'000)	Fair value of net assets acquired (£'000)
Property, plant and equipment	80,601	-	80,601
Intangible assets	9,117	(5,825)	3,292
Investments	535	-	535
Deferred tax assets	2,742	-	2,742
Inventories	42,634	-	42,634
Trade and other receivables	4,526	-	4,526
Cash and cash equivalents	5,450	-	5,450
Borrowings	(93,912)	-	(93,912)
Retirement benefit obligations	(2,234)	-	(2,234)
Trade and other payables	(60,903)	(1,565)	(62,468)
Provisions	-	(433)	(433)
Non-controlling interests	5,608	2,854	8,462
	(5,836)	(4,969)	(10,805)

There is no material difference between the gross and net amounts of receivables acquired.

The fair value adjustments noted above relate to the consolidated goodwill within the books of EAG on acquisition and adjustments to employment related creditors.

Cash flows arising from the acquisition are as follows:

	27 April 2014 (£'000)
Cash consideration	9,060
Cash acquired	(5,450)
Net cash outflow in the cash flow statement	3,610

SIG

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	2,056	-	2,056
Intangible assets	155	-	155
Inventories	14,456	-	14,456
Trade and other receivables	2,928	-	2,928
Cash and cash equivalents	530	-	530
Borrowings	(13,590)	-	(13,590)
Trade and other payables	(12,514)	-	(12,514)
Non-controlling interests	2,479	-	2,479
	(3,500)	-	(3,500)

Cash flows arising from the acquisition are as follows:

	27 April 2014 (£'000)
Cash consideration	5,989
Cash acquired	(530)
Net cash outflow in the cash flow statement	5,459

Other acquisitions

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	1,306	-	1,306
Intangible assets	1,400	-	1,400
Inventories	8,906	-	8,906
Trade and other receivables	1,208	-	1,208
Cash and cash equivalents	112	-	112
Borrowings	(1,609)	-	(1,609)
Trade and other payables	(5,774)	-	(5,774)
Non-controlling interests	(428)	-	(428)
	5,121	-	5,121

Cash flows arising from the acquisition are as follows:

	27 April 2014 (£'000)
Cash consideration	6,450
Cash acquired	(112)
Net cash outflow in the cash flow statement	6,338

Since the date of acquisition the following balances have been included within the Group's financial statements for the period in respect of the above acquired entities:

	EAG (£'000)	SIG (£'000)	Other (£'000)	Total (£'000)
Revenue	214,598	39,901	22,153	276,652
Operating (loss) / profit	(8,658)	457	(3,738)	(11,939)
(Loss) / profit before tax	(10,910)	195	(3,770)	(14,485)

Had the above acquisitions been included from the start of the period, £2,754,000,000 of revenue, £253,386,000 of operating profit and £237,627,000 of profit before tax would have been shown in the Group's financial statements.

There were no contingent liabilities acquired as a result of the above transactions.

30. CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks ended	
	27 April 2014 (£'000)	28 April 2013 (£'000)
Profit before taxation	239,452	207,226
Net finance costs	18,962	8,571
Other investment income	(7,017)	(1,473)
Share of profits of associated undertakings and joint ventures	(2,266)	(1,320)
Operating profit	249,131	213,004
Depreciation	56,963	47,920
Amortisation	6,832	4,676
Impairment	5,815	2,217
Profit on disposal of intangibles	-	(625)
Defined benefit pension plan current service cost	22	14
Defined benefit pension plan employer contributions	(2,708)	(2,708)
Share-based payments	11,927	22,183
Operating cash inflow before changes in working capital	327,982	286,681
Increase in receivables	(18,241)	(6,579)
Increase in inventories	(52,521)	(102,026)
Decrease in payables	(34,435)	(18,982)
Cash inflows from operating activities	222,785	159,094

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

31. OPERATING LEASE ARRANGEMENTS

As at 27 April 2014 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	27 April 2014 (£'000)	28 April 2013 (£'000)
Land and buildings		
Within one year	99,041	88,044
In the second to fifth years inclusive	329,163	306,390
After five years	242,297	245,896
	670,501	640,330

The leases have varying terms, escalation clauses and renewal rights. There are no clauses in relation to restrictions concerning dividends, additional debt and further leasing within our portfolio. Contingent rents are payable on certain store leases based on store revenue. For those leases that are turnover-related leases, the annual net lease commitment is calculated using the estimated lease liability and any changes in the rental charge are accounted for when known. Amounts of £2,213,762 (2013: £5,641,000) were charged to the income statement in relation to contingent rent.

The Group sub-lets certain stand-alone retail stores which are no longer operated by the Group. The property rental income earned during the 52 weeks ended 27 April 2014 was £6,118,000 (2013: £4,249,000).

As at 27 April 2014, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	27 April 2014 (£'000)	28 April 2013 (£'000)
Land and buildings		
Within one year	5,800	3,851
In the second to fifth years inclusive	17,812	13,147
After five years	22,388	15,124
	46,000	32,122

32. CAPITAL COMMITMENTS

The Group had capital commitments of £Nil million as at 27 April 2014 (2013: £5.8 million).

33. CONTINGENT ASSETS AND LIABILITIES

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

34. RELATED PARTY TRANSACTIONS

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.

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

52 weeks ended 27 April 2014

	Relationship	Sales (£'000)	Purchases (£'000)	Trade and other receivables (£'000)	Trade and other payables (£'000)
Related party					
Heatons	Associate	28,759	-	5,271	-
Brasher Leisure Limited	Associate	11,508	209	2,179	-
Newcastle United Football Club	Connected persons	3,395	-	-	-
Rangers Retail Limited	Associate	3,843	-	-	-

52 weeks ended 28 April 2013

	Relationship	Sales (£'000)	Purchases (£'000)	Trade and other receivables (£'000)	Trade and other payables (£'000)
Related party					
Heatons	Associate	26,820	-	3,816	-
Brasher Leisure Limited	Associate	11,023	4,554	2,611	136
NDS EHF	Associate	3,130	-	998	-
Newcastle United Football Club	Connected persons	498	-	-	-
Queensdown Associates	Associate	1,019	-	-	-

All related party transactions were undertaken on an arms length basis.

	27 April 2014 (£'000)	28 April 2013 (£'000)
Key Management, Executive and Non-Executive Director Compensation		
Salaries and short-term benefits	1,435	1,497
Share-based payments	2,003	2,069
Total	3,438	3,566

35. PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings of the Company at 27 April 2014 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
Cruise Clothing Limited *	Scotland	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 & Trek (UK) Limited*	England	100	Sporting and leisure goods retail
Firetrap Limited*	England	100	Fashion retail
The Flannels Group Limited*	England	51	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	Sporting 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	Fashion and leisure goods wholesale and brand licensing
Sondico Professional Limited*	England	51	Fashion retail
Sport Eybl GmbH	Austria	100	Sporting and leisure goods retail
Sports Essentials Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Sports Direct Estonia AS	Estonia	100	Sporting and leisure goods retail
Sportsdirect.com Retail (Europe) SA	Belgium	100	Sporting and leisure goods retail
Sportsdirect.com Retail Limited	England	100	Sporting and leisure goods retail
Sportsdirect.com SLVN doo	Slovenia	100	Sporting and leisure goods retail
The Trademark Licensing Company Limited*	England	100	Brand licensing
Universal Cycles Limited*	England	100	Cycling wholesaler
Used Tackle Limited*	England	100	Sporting and leisure goods retail
West Coast Capital (USC) Limited *	Scotland	100	Fashion retail

* 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

Sports Direct International plc will provide a parental guarantee for the following companies allowing exemption from statutory audit:

Company Name	Company Number	Company Name	Company Number
J W Myers Limited	03352462	SDI (New Cavendish Street) Limited	06306917
SDI (Aberystwyth) Limited	02789996	SDI (Newark) Limited	07853470
SDI (Ashford) Limited	07848460	SDI (Newport) Limited	08679118
SDI (Ashington) Limited	07849231	SDI (Newton Abbot) Limited	06836666
SDI (Ayr) Limited	05528267	SDI (Northampton) Limited	07852272
SDI (Bangor) Limited	05529705	SDI (Nuneaton) Limited	07852249
SDI (Barrow in Furness) Limited	07851574	SDI (Oswestry) Limited	07852363
SDI (Basildon) Limited	08512592	SDI (Paisley) Limited	02933408
SDI (Beddgelert) Limited	08577551	SDI (Penzance) Limited	07852297
SDI (Berwick) Limited	02739957	SDI (Peterlee) Limited	07852401
SDI (Betws-y-Coed) Limited	06836673	SDI (Ramsgate) Limited	07852250
SDI (Birkenhead) Limited	07849198	SDI (Redcar) Limited	02731452
SDI (Bishop Auckland) Limited	03004246	SDI (Rolle St) Limited	07852669
SDI (Bridgwater) Limited	07852061	SDI (Scarborough) Limited	06328463
SDI (Burton) Limited	08495632	SDI (Scunthorpe) Limited	07852055
SDI (Carlisle) Limited	07851959	SDI (Slough) Limited	07852417
SDI (Chatham) Limited	06836679	SDI (Southampton) Limited	08512480
SDI (Clacton) Limited	07852078	SDI (St Austell) Limited	07852284
SDI (Colchester) Limited	05632790	SDI (St Helens) Limited	07852281
SDI (Dunfermline) Limited	08483679	SDI (Stafford) Limited	08568681
SDI (Exmouth) Limited	06328505	SDI (Stoke Longton) Limited	07853877
SDI (Fulham) Limited	07852037	SDI (Stoke Newington) Limited	07852207
SDI (Gainsborough) Limited	06338907	SDI (Strood) Limited	07852251
SDI (Galashiels) Limited	07852091	SDI (Taunton) Limited	07852191
SDI (Gloucester) Limited	07852067	SDI (Wakefield) Limited	08483711
SDI (Hastings) Limited	08625893	SDI (Walsall) Limited	07852289
SDI (Keighley) Limited	06260239	SDI (Weymouth) Limited	06716652
SDI (Kendal) Limited	06338918	SDI (Wishaw) Limited	06656365
SDI (Kilmarnock) Limited	07853433	SDI Properties (Wigan) Limited	06836522
SDI (Kirkcaldy) Limited	07852097	SDI Property Limited	02767493
SDI (Lowestoft) Limited	07852265	Stirlings (Argyle Street) Limited	SC088108
SDI (Neath) Limited	07853548	Queensdown Associates Limited	04298804

36. ULTIMATE CONTROLLING PARTY

The Group is controlled by Mike Ashley through his 100% shareholding in MASH Holdings Limited, which has a 58% shareholding in the Company.

37. POST BALANCE SHEET EVENTS

On 28 May 2014, Sports Direct International plc and certain subsidiaries (the "Borrowers") entered into a committed, unsecured revolving facility agreement (the "Revolving Facility") with 13 financial institutions, with Barclays Bank plc acting as Agent. The Revolving Facility is available to any of the Borrowers and can be drawn to an aggregate limit of £688 million. It is capable of being utilised by way of cash advances and/or currency borrowings. This facility is not secured against any assets. This facility is available until 27 September 2018.

On 18 June 2014, Sports Direct International plc acquired a 4.8% stake in MySale Group PLC, which recently commenced trading on the Alternative Investment Market of the London Stock Exchange. On 14 July 2014, Sports Direct announced a partnership with MySale, including a new online offering in Australia and New Zealand and the opening of three flagship stores in Australia and one in New Zealand.

On 20 June 2014 the Group sold a freehold property for £21.2m and then entered into an agreement to lease the property back from the buyer.

There were no other material post balance sheet events after 27 April 2014 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 52 week period ended 27 April 2014 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council'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 27 April 2014;
- 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 Strategic Report and 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 52 week period ended 27 April 2014.

Philip Westerman

Senior Statutory Auditor

For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

17 July 2014

COMPANY BALANCE SHEET

FOR THE 52 WEEKS ENDED 27 APRIL 2014

	Notes	2014 (£'000)	2013 (£'000)
Fixed assets			
Investments	2	1,077,408	1,066,026
Current assets			
Debtors	3	14,984	1,953
Cash at bank and in hand		186	139
		15,170	2,092
Creditors: amounts falling due within one year.	4	(114,018)	(89,141)
Net current liabilities		(98,848)	(87,049)
Net assets		978,560	978,977
Capital and reserves			
Called up share capital	5	64,060	64,060
Share premium	6	874,300	874,300
Treasury shares reserve	6	(56,234)	(56,234)
Permanent contribution to capital	6	50	50
Capital redemption reserve	6	8,005	8,005
Own share reserve	6	(13,251)	(64,375)
Profit and loss account	6	101,630	153,171
Shareholders' funds	7	978,560	978,977

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

The financial statements were approved by the Board on 17 July 2014 and were signed on its behalf by:

Dave Forsey
Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

1. ACCOUNTING POLICIES

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 loss after taxation for the 52 week period 27 April 2014 was £417,000 (2013: £3,249,000 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 Section 612 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 recognised 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 Section 612 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 Payments". 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 profit and loss on a straightline 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 £11,927,000 was recognised for the 52 weeks ended 27 April 2014 based on the directors' best estimate of the number of shares that will vest. £11,345,000 of this share-based payment was recharged to subsidiary undertakings of the Company.

2. INVESTMENTS

	2014 (£'000)
As at 28 April 2013	1,066,026
Additions:	
Listed investments	43,866
Capital contribution in subsidiary	11,345
Other additions	37
Disposals:	(43,866)
As at 27 April 2014	1,077,408

None of the Company's investments at 27 April 2014 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.

During the year the company acquired and disposed of £43,866,000 of shares in Debenhams plc.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 APRIL 2014

3. DEBTORS

	2014 (£'000)	2013 (£'000)
Amounts owed by Group undertakings	318	318
Other debtors	14,512	995
Other taxes and social security costs	154	-
Prepayments	-	640
	14,984	1,953

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 (£'000)	2013 (£'000)
Trade creditors	741	1,138
Amounts owed to Group undertakings	112,554	87,774
Accruals	723	190
Other taxes and social security costs	-	39
	114,018	89,141

5. CALLED UP SHARE CAPITAL

	2014 (£'000)	2013 (£'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 (2013: 640,602,369) ordinary shares of 10p each	64,060	64,060
Share capital		
At 28 April 2013 and 27 April 2014	64,060	64,060

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 28 April 2013	874,300	(56,234)	50	8,005	(64,375)	153,171
Loss for the financial period	-	-	-	-	-	(417)
Share scheme vesting	-	-	-	-	51,124	(51,124)
At 27 April 2014	874,300	(56,234)	50	8,005	(13,251)	101,630

The Company holds 42,137,508 ordinary shares in Treasury.

7. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	2014 (£'000)
Opening shareholders' funds	978,977
Loss for the financial period	(417)
Closing shareholders' funds	978,560

8. POST BALANCE SHEET EVENTS

No material post balance sheet events occurred after 27 April 2014 to the date of this Annual Report.

CONSOLIDATED FIVE YEAR RECORD

UNAUDITED INCOME STATEMENT

	52 weeks ended	52 weeks ended	53 weeks ended	52 weeks ended	52 weeks ended
	27 April 2014 (£'000)	28 April 2013 (restated) ³ (£'000)	29 April 2012 (£'000)	24 April 2011 (£'000)	25 April 2010 (£'000)
Continuing operations:					
Revenue	2,705,958	2,185,580	1,835,756	1,599,237	1,451,621
Cost of sales	(1,551,036)	(1,290,822)	(1,091,480)	(940,330)	(862,490)
Gross profit	1,154,922	894,758	744,276	658,907	589,131
Selling, distribution and administrative expenses	(908,843)	(689,578)	(594,368)	(527,273)	(524,611)
Other operating income	8,583	7,199	3,268	5,289	3,493
Regulatory enquiries	-	-	-	-	(7,800)
Legal dispute	-	-	2,309	(3,128)	(2,186)
Impairment of tangible fixed assets	(5,531)	-	-	-	-
Profit on disposal of leasehold property	-	-	724	-	-
Profit on disposal of freehold property	-	-	962	-	-
Profit on disposal of intangible asset	-	625	1,624	876	-
Exceptional items	(5,531)	625	5,619	(2,252)	(9,986)
Operating profit	249,131	213,004	158,795	134,671	58,027
Investment income / (costs)	7,017	1,473	(5,800)	(9,481)	24,653
Finance income	891	1,117	6,426	2,560	40,150
Finance costs	(19,853)	(9,688)	(8,481)	(8,953)	(10,528)
Share of profit of associated undertakings and joint ventures	2,266	1,320	558	(8)	7,200
Profit before taxation	239,452	207,226	151,498	118,789	119,502
Taxation	(59,839)	(55,569)	(45,867)	(35,566)	(30,286)
Profit for the period	179,613	151,657	105,631	83,223	89,216
Equity holders of the Group	180,245	151,596	106,198	84,173	89,433
Non-controlling interests	(632)	61	(567)	(950)	(217)
Profit for the period	179,613	151,657	105,631	83,223	89,216

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 52 weeks ended 27 April 2014, as set out in note 1, basis of preparation, of the consolidated financial statements.
3. Restatement relates to the adoption of the revised IAS 19 'Employee Benefits' (see note 1).

COMPANY DIRECTORY

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 Deringer
65 Fleet Street
London
EC4Y 1HS

Brokers

Citigroup Global Markets Limited
Citi Centre
Canada Square
Canary Wharf
London
E14 5LB

Epirito Santo Investment Bank
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7AL

Goldman Sachs Limited
Peterborough Court
133 Fleet Street
London
EC4A 2BB

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 10 September 2014 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 26 April 2015:
Interim management statement: 10 September 2014
Half year results announced: 11 December 2014
Interim management statement: 18 February 2015
Preliminary announcement of full year results: 16 July 2015
Annual Report circulated July / August 2015

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 Conduct Authority at www.fca.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
W1W 8SS

Telephone: 020 7291 3310
Fax: 020 7323 4226
Email: mps@dma.org.uk or register on-line at
www.mpsonline.org.uk

SPORTSDIRECT.com

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