JD Group

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JD Sports Fashion Plc
18 September 2012

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JD SPORTS FASHION PLC
INTERIM RESULTS
FOR THE TWENTY SIX WEEKS TO 28 JULY 2012

JD Sports Fashion Plc (the 'Group'), the leading retailer and distributor of branded sportswear, fashionwear and outdoor clothing and equipment, today announces its Interim Results for the 26 weeks ended 28 July 2012 (comparative figures are shown for the 26 week period ended 30 July 2011).

Results

	2012 £000	2011 £000	% Change
Revenue	**555,988**	439,768	+26.4%
Gross profit %	**48.4%**	48.0%	
Operating profit (before exceptional items)	**3,189**	16,251	
Like for like operating profit (a)	**14,923**	16,251	-8.2%
Profit before tax and exceptional items	**2,879**	16,036	
Profit before tax	**2,879**	20,072	
Basic earnings per ordinary share	**2.74p**	28.51p	
Interim dividend payable per ordinary share	**4.30p**	4.10p	+4.9%
Net (debt) / cash at end of period (see note 7) (b)	**(979)**	19,151	

(a) Like for like profitability is intended to illustrate operating profit derived from the Group in the form it was in during the comparative period. The main adjustments between operating profit and like for like operating profit are the results of Blacks (£10.0m loss) and other business acquisitions (£1.7m loss).

(b) Net cash consists of cash and cash equivalents together with other borrowings from bank loans, other loans and finance leases.

Highlights

- Continued robust performance in core Sports fascias with gross margin ahead of expectations

- As anticipated, initial loss of £10.0 million in Blacks business from critical lack of stock and unsustainable cost base following acquisition from administration with vast majority of the loss incurred in the first three months

- The further reduction in operating profit has arisen principally from the phasing of earnings streams from new acquisitions and acquisitions made in the prior year together with duplicate and excess warehouse operating costs incurred in the transition to the centralised Kingsway warehouse which is now fully operational

- Blacks stabilising with stores fully restocked and central cost reorganisation programme ongoing

- European development of JD continues with 7 stores now open in France and 3 stores opened in the period in Spain

- Acquisitions of Tessuti and Originals in the period increase critical mass in Premium Male Fashion sector

- Like for like sales for the 26 week period in the UK and Ireland combined core retail segments increased by 1.1%:

Sport	Fashion	Combined Core UK & Ireland
+1.2%	+0.7%	+1.1%

- Sales, gross margin and operating profit before exceptional items of the four business segments are tabulated below:

Period to 28 July 2012	Sport Retail £000	Fashion Retail £000	Outdoor Retail £000	Distribution £000	Total £000
Gross revenue	371,192	65,601	52,010	70,653	559,456
Intersegment revenue	(29)	-	-	(3,439)	(3,468)
Revenue	371,163	65,601	52,010	67,214	555,988
Gross margin %	49.3%	47.6%	52.7%	38.6%	48.4%
Operating profit before exceptional items	18,850	(5,309)	(9,995)	(357)	3,189

Period to 30 July 2011	Sport Retail £000	Fashion Retail £000	Outdoor Retail £000	Distribution £000	Total £000
Gross revenue	322,780	59,546	-	60,461	442,787
Intersegment revenue	(37)	(30)	-	(2,952)	(3,019)
Revenue	322,743	59,516	-	57,509	439,768
Gross margin %	49.5%	48.0%	-	37.4%	48.0%
Operating profit before exceptional items	20,196	(3,397)	-	(548)	16,251

- Canterbury disposed after the period end to Pentland Group Plc for £22.7 million increasing the retail focus of the Group

- Robust trading in the Sports Fascias in the six weeks to 8 September 2012:

Sport	Fashion	Combined Core UK & Ireland
+3.2%	-6.0%	+1.6%

Peter Cowgill, Executive Chairman, said:

"I stated in April that the recent expansion activity in the Group, the relocation of distribution facilities and the resolution of the stock and property issues in the Blacks business would impact results in the short term. As expected, this has proven to be the case but it does provide the Group with a very positive platform for future development.

"I am pleased to report that our primary JD fascia remains robust and we have increased our overseas presence with the intention of producing long term value for shareholders. The robust trading in the Sports Fascias has continued since the period end although trading in the Fashion Fascias has been more difficult. Our Outdoor business continues to stabilise and aims to break even in the second half before any restructuring charges.

"As ever, the Group result for the full year remains very dependent on the sales and margin performance in December and January. Notwithstanding the economic pressure on margin and the general increase in taxation and other levies across Europe, the Board believes that the Group is well positioned to deliver results that are within the range of current expectations."

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Executive Chairman's Statement

Introduction

In my statement on the results for the period to 28 January 2012, which I made in April, I advised that the recent expansion activity in the Group, the relocation of distribution facilities and the resolution of the stock and property issues in the Blacks business would impact results in the short term. As expected, this has proven to be the case but it does provide the Group with a very positive platform for future development.

I am pleased to report that our primary JD fascia remains robust and we have increased our overseas presence with the intention of producing long term value for shareholders. The performance of our Fashion Fascias has been disappointing and their Management teams acknowledge the need to enhance their product offers significantly.

As anticipated, the Blacks business suffered from supply discontinuity following administration and significant losses were incurred in the early months. A new management team had been engaged in Blacks in Autumn 2011 and due to brand and product lead times the performance of their first full buy will not be evident until Autumn / Winter 2012. The Blacks fascia continues to benefit from strong equity and international brand support together with strong proprietary brands and this should form the basis for a profitable business as and when the product proposition is reinvigorated and the store and central cost base rationalised. These facets form the basis of our turnaround strategy.

The 26 week period to 28 July 2012 saw a gross like for like sales improvement in the core UK and Ireland Retail Fascias of +1.1% (+1.2% Sports Fascias; +0.7% Fashion Fascias). This performance has been aided by continuing strong growth in online sales.

Overall gross margins have increased slightly to 48.4% (2011: 48.0%), principally due to Blacks which benefits from margins higher than the Group's average. It is clear that customers throughout our European retail businesses remain offer driven and whilst there has been an anticipated small reduction in margin in our UK businesses, this has been offset by the application of Group terms and improvements in merchandising and markdown disciplines in our recently acquired European businesses.

Our new centralised warehouse in Kingsway, Rochdale is now fully operational and services all bricks and mortar stores (excluding Blacks). The bulk warehouses in Heywood and Peterlee have been successfully closed. Whilst we have incurred some duplicate and excess running costs to date, we expect that this facility will bring long term benefits to our retail businesses. We recognise, however, that the full benefit has still to be proven during the key Christmas period. Blacks still operates from its warehouse in Northampton and our intention remains to migrate this activity to Kingsway in Spring 2013.

Net debt at the period end was £1.0 million (2011: net cash £19.2 million). This represents a reduction of £61.3 million compared to the year end position at January (2011: reduction of £67.0 million). Following substantial completion of the Kingsway facility in 2011, capital expenditure has reduced in the period to £18.4 million (2011: £26.1 million). Our commitment to and confidence in our European businesses is evidenced by a total investment of £8.2 million across Spain and France (2011: £1.6 million).

Disposal of Canterbury

On 23 August 2012 we announced that we had agreed terms with Pentland Group Plc on the disposal of the Canterbury business for a total consideration of £22.7 million which represented a full repayment of the net cash investment made by the Group into Canterbury since our acquisition of the initial interest in August 2009.

Retail remains the core focus for the Group and with the opportunities which prevail it was determined that key Management resource will be concentrated on this area of the business. Accordingly, we believe that it was in the Group's best interests to dispose of Canterbury on terms, which we believe reflected the future potential of Canterbury and which will allow the continuing Group to focus on its retail operations and those brands within its Distribution division which support the core retail proposition.

The transaction completed following approval by the shareholders in a General Meeting held on 13 September 2012.

Acquisitions

Following our acquisition of eight Cecil Gee stores in 2011, we have made two further small acquisitions in the Premium Fashion sector. In March 2012 we acquired the trade and assets of seven stores previously trading as Originals for a cash consideration of £0.1 million and then in May 2012 we acquired 60% of the Tessuti Group which, at acquisition, operated four retail stores and two trading websites for a total consideration of £3.2 million although we inherited surplus cash of £1.0 million. These acquisitions have given us additional critical mass together with sector specific experience and knowledge as we look to build and improve our offering.

In recent years, the Group has increased its stable of owned and licensed sporting and fashion inspired brands. This strategy is continuing and in the period we acquired the worldwide rights to the Henleys and Fly 53 brands at a cost of £2.6 million and £0.4 million respectively. We also continue to look at cost effective options of building the profile of our brand properties both nationally and internationally. Our acquisition of 85% of the Source Lab business in May 2012 for a cash consideration of £2.6 million is a further example of this. Source Lab design, source and distribute sporting related product for some of Europe's premier football clubs and we believe that we can use the management's proven experience in developing ranges of sport related product to enhance the return from the Group's stable of brands.

Management are presently of the opinion that they have a full complement of brands for development in the retail fascias. Management also expect that there will continue to be opportunities overseas for extension of the Sports Fascias.

Sports Fascias

The Sports Fascias are JD, Size?, Chausport, Sprinter and Champion Sports.

The Sports Fascias' total revenue (after elimination of inter-group sales) increased by 15.0% during the period to £371.2 million (2011: £322.7 million) with like for like sales for the period in the core UK and Ireland sports fascia stores up by 1.2% (2011: -1.6%) which represents a robust performance in the current exceptionally difficult retail environment.

Our retail businesses in France have had a more difficult period with a small net LFL decline of -0.9% (2011: +4.9%) although it is pleasing to report that within this there was like for like growth of +1.6% within the small number of JD stores which have been open in both years. We remain confident about the longer term prospects for JD in France.

Total revenue in the Sports Fascias also reflects full periods from the Champion and Sprinter businesses which were acquired in the prior year. Champion contributed revenue of £17.3 million (2011: £13.4 million in 4 months) with Sprinter contributing £35.9 million (2011: £6.5 million in 1 month). During the period we also opened our first JD stores in Spain with three stores open at the period end of which two are in malls around Madrid and one in a mall in Granada.

Gross margin achieved in the Sports Fascias has declined marginally to 49.3% (2011: 49.5%). We believe that this is a strong performance given the offer driven nature of the markets in the current economic climate.

Overall, operating profits (before exceptional items) in the Sports Fascias reduced by £1.3 million to £18.9 million (2011: £20.2 million). This reduction came in the core UK and Ireland business where operating profits for the period were £19.2 million (2011: £20.5 million) with duplicated operating costs in the migration of warehouse activity to Kingsway, additional costs from the Government's Carbon Reduction Commitment Energy Efficiency Scheme together with the ongoing strategic strengthening of resource in key business areas, particularly multichannel. Elsewhere in the other Sports Fascias across Europe, the operating loss was constant at £0.3 million although this included non like for like periods in Sprinter and Champion following their respective acquisitions in 2011.

We continue to look for investment opportunities for our Sports Fascias whether that is from refurbishment, relocations or new locations. In the core UK and Ireland JD business, we have completed 11 new stores in the period which include two new Size? stores. These openings include a store at St Pancras station which operates to a similar model to our Airports stores and reflects our continuing search for innovative new store locations. We also completed four refurbishments and converted one Champion fascia store at Tallaght in Dublin to JD.

We opened four stores in France in the period being Chausport stores at Avignon and Quimper together with new JD stores in Rouen and the Parinor mall in the north east of Paris. Therefore, we now trade out of seven stores as JD in France with a further five new stores planned for malls around Paris in the second half of the year as we look to generate greater critical mass in this key market. We also plan to convert another Chausport store to JD.

We are also confident about our overall prospects in Spain. Although we have only opened three JD stores to date, this has already provided us with considerable additional market knowledge which we are using to refine our offer. After the period end we opened our fourth JD store in Spain at Badajoz in Extremadura and we also plan to increase the profile of JD in Granada further through the conversion of a pre-existing store in the centre of the city during the second half. Elsewhere in Spain, we have opened two new Sprinter stores of which one was in Plasencia in Extremadura which is outside the traditional heartlands of Levante and Andalucia. We believe that there is significant development potential in the longer term for both JD and Sprinter in Spain. However, we anticipate that margins in Spain will be lower in the second half of the year following the increase in the rate of VAT in Spain from 18% to 21% on 1 September 2012.

The economic climate in the Republic of Ireland remains tough for the Champion stores but they have given us valuable presence in the market and local knowledge. We are making a number of improvements in the operational and merchandising processes in the business which we believe lay the foundation for future improved financial performance.

Fashion Fascias

The Fashion Fascias are Bank, Scotts, Cecil Gee and the recently acquired Tessuti and Originals.

The Fashion Fascias' total revenue increased by 10.2% during the period to £65.6 million (2011: £59.5 million) which includes £3.6m from a full period from the Cecil Gee stores (2011: £1.2 million in 1 month) and £0.9 million in 2 months from the recently acquired Tessuti business. Like for like sales for the period were up by 0.7% (2011: +3.0%) being Bank +1.3% (2011: +5.9%) and Scotts -1.6% (2011: -4.5%). This represents a decline from the position announced in the Interim Management Statement in June when the like for like performance after 19 weeks was +3.0% (being Bank +4.0% and Scotts -0.7%) owing to a particularly strong comparative in the final seven weeks of the period.

Gross margin achieved in the Fashion Fascias has reduced marginally from 48.0% to 47.6% primarily due to the impact of lower margins in the recently acquired businesses.

The operating loss (before exceptional items) in the Fashion Fascias has increased by £1.9 million to £5.3 million (2011: £3.4 million). The increased loss included £0.6m from the non like for like period in Cecil Gee and a £0.2m loss in the Tessuti and Originals acquisitions. Elsewhere, in Bank there was an increased loss of £3.5m (2011: £3.1m), primarily from the recruitment of additional resource in the commercial and design teams. Excluding the impact of the Originals acquisition, the loss in Scotts increased from £0.1 million to £0.8 million. We do not envisage committing significant additional resource or capital expenditure in the Scotts fascia until we have improved the attractiveness of its offer.

We continue to invest in the Bank fascia stores with three new stores opened in the period. Further, our openings in the remainder of the year include a planned new store in Dublin which will be Bank's first store in the Republic of Ireland.

Outdoor

In my statement in April I referred to the fact that the Blacks business was in a very fractured state on acquisition. We inherited a very limited and unbalanced stock position, with a particularly severe lack of stocks in many core high performing lines combined with an excessively large and overrented store portfolio and a disproportionate central cost base. As a consequence of these issues, the Blacks business made an operating loss (before exceptional items) of £10.0 million although over £9.0 million of this loss arose in the first three months of the period when the stock position was at its weakest.

The margin in Blacks has been ahead of expectations in the period reflecting the strong performance of the Peter Storm own brand product in particular. However, we do anticipate that margins in the Blacks business will be lower in the second half of the year as camping product, which has struggled to perform in the very wet summer period, is cleared aggressively.

Since January we have closed 93 stores leaving 202 stores at the period end, with a further 4 stores closed since the period end resulting in Blacks currently trading from 198 stores. We now believe that we will trade the majority of these stores through to Christmas. However, the long term structure of the store base will depend on our assessment of the ongoing store performance relative to the newly negotiated rents and associated property costs. However, we currently envisage progression to Blacks as the single fascia of the Outdoor division with a long term store base of approximately 150 stores.

We have recently completed our first refurbishment of a Blacks store at St Pauls in London which reopened on 13 August. We are encouraged by the early performance of this store which had substantial input from the JD Visual Merchandising and Marketing teams. We are also currently refurbishing the Blacks store in Lincoln and intend to refurbish up to four more stores this year.

We have recruited a new Managing Director, Ken Reeve, for the business who will start in this role in November. We believe that this appointment is a positive move for Blacks as he gained significant relevant outdoor branded experience in his former role as Buying and Merchandising Director at Cotswold Outdoor Ltd.

Outside of the store base, our process to streamline the business and simplify its processes is ongoing. This process will not be completed until Spring 2013 when the warehouse and head office facility in Northampton is vacated. After this point, the Blacks business will be on the JD IT and distribution infrastructure.

We said in our Interim Management Statement, released on 13 June 2012, that we anticipated that Blacks would make an operating loss of £10.0 million in the current year with a potential additional exceptional charge for restructuring of £5.0 million. We still believe that this guidance is appropriate. However, the Blacks business has strong international brand support and strong own brands (Peter Storm and Eurohike) delivering good margins which when combined with a tighter store base, improved online offering and much lower central costs should be the basis of future profits.

Distribution

The Distribution businesses in the period were Canterbury, Topgrade, Deakins, Kooga, Kukri, Focus and the recently acquired Source Lab.

The first half operating losses in the Distribution businesses have reduced slightly to £0.4 million (2011: £0.5 million) with gross revenues (before elimination of intersegment revenues) increasing by 16.9% to £70.7 million (2011: 60.5 million).

Topgrade has had a promising start to the year with revenues in the Get The Label website increasing by 37.0% to £6.3 million (2011: £4.6 million). As a consequence, the operating loss in Topgrade has reduced to £0.2 million (2011: £1.1 million).

In Canterbury, first half profits grew by £0.6 million to £1.5 million (2011: £0.9 million) principally from ongoing strength in New Zealand and Australia where the combined profitability increased to £2.6 million (2011: £2.0 million). This concentration of profitability in territories where the Group has minimal other activity was one of the contributing factors in our decision to sell the business.

Focus has had a difficult first half with an operating loss of £1.0 million (2011: profit £0.4 million) which is primarily from losses which have arisen after the acquisition of the trade and assets of the Fly 53 brand including 14 concessions in House of Fraser stores. As with other businesses which we have acquired in similar distressed circumstances the business was in a very fractured state on acquisition with a poor mix of stocks and an inappropriate cost structure. We would not anticipate that Focus will be able to eliminate their year to date losses in the second half of the year.

Elsewhere in the distribution division, Deakins has had an encouraging start to the year and the losses in Kooga have narrowed slightly. Our recently acquired Source Lab sports apparel licensing business contributed revenue of £1.1 million and made an operating profit of £0.1 million in the two months after acquisition.

Group Performance

Revenue, gross margin and overheads

Total Group revenue increased by 26.4% in the period to £556.0 million (2011: £439.8 million) with growth of 1.1% on a like for like basis in sales in the UK and Ireland retail fascias. Revenue increased by 1.2% on a like for like basis in the Sports Fascias and by 0.7% in the Fashion Fascias.

Ultimately, Group gross margin increased in the period from 48.0% to 48.4% reflecting a strong margin in the Blacks business together with improvements in margins in the distribution businesses.

Selling and distribution overheads have increased to 43.7% of revenue (2011: 40.5%). However, this is distorted by Blacks and excluding this business the selling and distribution overheads in the period were 41.1% of revenue with this increase reflecting the duplicate operating costs incurred in the warehouse transition, costs associated with the Government's CRC Energy Efficiency Scheme together with investment in resource in a number of key commercial areas including Own Brand Design.

Administrative expenses have risen slightly to 4.5% of revenue (2011: 4.1%). Again, it is appropriate to exclude the distorting effect of Blacks and on this basis this cost ratio is broadly consistent with the prior year.

Operating profits and results

Group operating profit (before exceptional items) for the period reduced by £13.1 million to £3.2 million (2011: £16.3 million) principally as a result of a loss of £10.0 million in Blacks. Excluding this one off loss, the operating profit was £13.2 million and comprises a Sports Fascias profit of £18.9 million (2011: £20.2 million), a Fashion Fascias loss of £5.3 million (2011: loss of £3.4 million) and a Distribution segment loss of £0.4 million (2011: loss of £0.5 million).

Whilst there was no net charge for exceptional items in the period (2011: credit of £2.8 million), we believe there is the potential for a further restructuring charge in the second half of the year connected with the Blacks business of up to £5 million. We will continue to separate exceptional items as we believe that this better reflects the underlying performance of the business.

Group profit before tax in the period ultimately decreased by £17.2 million to £2.9 million (2011: £20.1 million).

Working capital and cash

Net debt at 28 July 2012 was £1.0 million (30 July 2011: net cash of £19.2 million).

Inventories (including £11.2 million in respect of Canterbury disclosed within assets held for sale) have increased to £165.7 million at 28 July 2012 from £127.5 million at 30 July 2011. This rise includes non like for like stocks of £19.0 million in the recently acquired businesses. Elsewhere, stocks were higher in JD in the UK from stocks of Olympic specific product and in our European businesses to support the ongoing development and growth of the JD fascia. Trade creditors continue to be paid to terms to maximise settlement discounts.

Store Portfolio

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

Sports Fascias

(No. Stores)	JD UK & Ireland	JD France	JD Spain	Size & Foot Patrol	Chausport	Champion	Sprinter	**Total**
Start of period	332	5	-	23	74	20	49	**503**
New stores	9	2	3	2	2	-	2	**20**
Transfers	1	-	-	-	-	(1)	-	**-**
Closures	(13)	-	-	(1)	(2)	-	-	**(16)**
End of period	329	7	3	24	74	19	51	**507**
(000 Sq Ft)								
Start of period	1,150	9	-	33	82	92	603	**1,969**
New stores	31	5	11	1	3	-	20	**71**
Transfers	3	-	-	-	-	(3)	-	**-**
Closures	(35)	-	-	(4)	(1)	-	-	**(40)**
End of period	1,149	14	11	30	84	89	623	**2,000**

Fashion Fascias

(No. Stores)	Bank	Scotts & Originals	Cecil Gee	Tessuti	**Total**
Start of period	80	35	6	-	**121**
New stores	3	-	-	1	**4**
Acquisitions	-	7	-	4	**11**
Closures	-	(2)	(1)	-	**(3)**
End of period	83	40	5	5	**133**
(000 Sq Ft)					
Start of period	238	72	16	-	**326**
New stores	7	-	-	3	**10**
Acquisitions	-	13	-	12	**25**
Closures	-	(3)	(1)	-	**(4)**
End of period	245	82	15	15	**357**

Outdoor

	No. Stores	000 Sq Ft
Start of period	295	763
Closures	(93)	(201)
End of period	202	562

Dividends and Earnings per Ordinary Share

The Board's confidence in the long term prospects of the Group and the robust performance of our Sports Fascias in particular means that we are able to increase our interim dividend again this year. We will pay an interim dividend of 4.30p per ordinary share which represents an increase of 4.9% over the prior year (2011: 4.10p).

This dividend will be paid on 4 January 2013 to shareholders on the register as at close of business on 30 November 2012.

The adjusted basic earnings per ordinary share before exceptional items are 2.63p (2011: 18.78p).

The basic earnings per ordinary share are 2.74p (2011: 28.51p).

IT Systems

After a long and thorough review process we have decided to replace our legacy bespoke commercial systems with Oracle Retail. This software will be implemented in all of our retail businesses thereby giving us consistency and efficiency in commercial process, management and reporting. We plan to bring businesses on to this new system in stages with all current retail businesses anticipated to be working on the new system by 2015. We anticipate that this project will require capex of no less than £10 million over this period.

Employees

In difficult trading conditions the Board recognises the contribution of all our employees around the world in helping to drive performance. Their skills, energy and desire to improve our business performance is recognised and appreciated and the whole Board would like to thank them for their commitment. We remain totally committed to their training and career development and the ongoing development of the Group internationally should continue to provide development opportunities.

In addition, the Board wishes to thank Chris Bird for his great contribution to the Board as a non-executive director over the last 9 years. He leaves the Board at the end of the month and is being replaced by Martin Davies at the start of October as announced last week.

Current Trading and Outlook

The robust trading in the Sports Fascias has continued since the period end although trading in the Fashion Fascias has been more difficult. Overall, the like for like sales for the core UK and Ireland retail fascias in the six week period to 8 September are up by 1.6% (+3.2% Sports Fascias; -6.0% Fashion Fascias). Our Outdoor business continues to stabilise and aims to break even in the second half before any restructuring charges. As ever, the Group result for the full year remains very dependent on the sales and margin performance in December and January and we will issue an update on trading in the third quarter in our Interim Management Statement in November.

Notwithstanding the economic pressure on margin and the general increase in taxation and other levies across Europe, the Board believes that the Group is well positioned to deliver results that are within the range of current expectations.

Peter Cowgill
Executive Chairman
18 September 2012

Condensed Consolidated Income Statement

For the 26 weeks to 28July 2012

	Note	**26 weeks to 28 July 2012 £000**	26 weeks to 30 July 2011 £000	52 weeks to 28 January 2012 £000
Revenue		**555,988**	439,768	1,059,523
Cost of sales		**(286,985)**	(228,689)	(538,676)
Gross profit		**269,003**	211,079	520,847
Selling and distribution expenses - normal		**(242,865)**	(178,227)	(403,923)
Selling and distribution expenses - exceptional	3	**-**	(696)	(10,532)
Selling and distribution expenses		**(242,865)**	(178,923)	(414,455)
Administrative expenses - normal		**(24,870)**	(17,913)	(43,193)
Administrative expenses - exceptional	3	**-**	3,562	847
Administrative expenses		**(24,870)**	(14,351)	(42,346)

Other operating income		**1,921**	1,312	2,730
Operating profit		**3,189**	19,117	66,776
Before exceptional items		**3,189**	16,251	76,461
Exceptional items	3	**-**	2,866	(9,685)
Operating profit		**3,189**	19,117	66,776
Share of results of joint venture before exceptional items (net of income tax)		**-**	(102)	(102)
Share of exceptional items (net of income tax)		**-**	1,170	1,170
Share of results of joint venture		**-**	1,068	1,068
Financial income		**375**	323	646
Financial expenses		**(685)**	(436)	(1,048)
Profit before tax		**2,879**	20,072	67,442
Income tax expense		**(754)**	(5,539)	(18,093)
Profit for the period		**2,125**	14,533	49,349
Attributable to equity holders of the parent		**1,335**	13,873	46,847
Attributable to non-controlling interest		**790**	660	2,502
Basic earnings per ordinary share	4	**2.74p**	28.51p	96.27p
Diluted earnings per ordinary share	4	**2.74p**	28.51p	96.27p

Condensed Consolidated Statement of Comprehensive Income

For the 26 weeks to 28 July2012

	26 weeks to 28 July 2012 £000	26 weeks to 30 July 2011 £000	52 weeks to 28 January 2012 £000
Profit for the period	**2,125**	14,533	49,349
Other comprehensive income:			
Exchange differences on translation of foreign operations	**(150)**	(1,395)	(2,096)
Total other comprehensive income for the period	**(150)**	(1,395)	(2,096)
Total comprehensive income and expense for the period (net of income tax)	**1,975**	13,138	47,253
Attributable to equity holders of the parent	**1,185**	12,478	44,751
Attributable to non-controlling interest	**790**	660	2,502

Condensed Consolidated Statement of Financial Position

As at 28 July 2012

	Note	**As at 28 July 2012 £000**	As at 30 July 2011 (restated - see note 1) £000	As at 28 January 2012 (restated - see note 1) £000
Assets				
Intangible assets		**100,737**	88,871	99,051
Property, plant and equipment		**122,329**	108,689	118,909
Investment property		**-**	2,983	-
Other receivables		**19,103**	14,087	16,975
Total non-current assets		**242,169**	214,630	234,935

Inventories		**154,518**	127,521	132,681
Trade and other receivables		**51,423**	58,590	54,147
Cash and cash equivalents	7	**40,052**	39,076	67,024
Assets held for sale	6	**35,788**	-	-
Total current assets		**281,781**	225,187	253,852
Total assets		**523,950**	439,818	488,787
Liabilities				
Interest bearing loans and borrowings	7	**(45,188)**	(16,936)	(5,547)
Trade and other payables		**(198,785)**	(171,756)	(197,455)
Provisions		**(2,870)**	(3,189)	(3,375)
Income tax liabilities		**(4,697)**	(5,427)	(8,861)
Liabilities held for sale	6	**(13,334)**	-	-
Total current liabilities		**(264,874)**	(197,308)	(215,238)
Interest bearing loans and borrowings	7	**(1,129)**	(2,848)	(1,182)
Other payables		**(29,285)**	(31,637)	(36,149)
Provisions		**(4,150)**	(6,510)	(6,407)
Deferred tax liabilities		**(3,314)**	(2,223)	(723)
Total non-current liabilities		**(37,878)**	(43,218)	(44,461)
Total liabilities		**(302,752)**	(240,526)	(259,699)
Total assets less total liabilities		**221,198**	199,292	229,088
Capital and reserves				
Issued ordinary share capital		**2,433**	2,433	2,433
Share premium		**11,659**	11,659	11,659
Retained earnings		**197,904**	176,446	207,503
Other reserves		**(7,656)**	(3,313)	(6,339)
Total equity attributable to equity holders of the parent		**204,340**	187,225	215,256
Non-controlling interest		**16,858**	12,067	13,832
Total equity		**221,198**	199,292	229,088

Condensed Consolidated Statement of Changes in Equity

For the 26 weeks to 28 July 2012

	Ordinary Share Capital £000	**Share Premium £000**	**Retained Earnings £000**	**Foreign Currency Translation Reserve £000**	**Other Equity £000**	**Total Equity Attributable To Equity Holders Of The Parent £000**
Balance at 28 January 2012	2,433	11,659	207,503	(2,245)	(4,094)	215,256
Profit for the period	-	-	1,335	-	-	1,335
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	(150)	-	(150)
Total other comprehensive income	-	-	-	(150)	-	(150)
Total comprehensive income for the period	-	-	1,335	(150)	-	1,185
Dividends to equity holders	-	-	(10,316)	-	-	(10,316)
Put options held by non-controlling interest	-	-	-	-	(1,167)	(1,167)
Non-controlling interest arising on acquisition	-	-	(618)	-	-	(618)
Balance at 28 July 2012	**2,433**	**11,659**	**197,904**	**(2,395)**	**(5,261)**	**204,340**

(continued)

	Total Equity Attributable To Equity Holders Of The Parent £000	Non Controlling Interest (restated - see note 1) £000	Total Equity (restated - see note 1) £000
Balance at 28 January 2012	215,256	13,832	229,088
Profit for the period	1,335	790	2,125
Other comprehensive income:			
Exchange differences on translation of foreign operations	(150)	-	(150)
Total other comprehensive income	(150)	-	(150)
Total comprehensive income for the period	1,185	790	1,975
Dividends to equity holders	(10,316)	(338)	(10,654)
Put options held by non-controlling interest	(1,167)	-	(1,167)
Non-controlling interest arising on acquisition	(618)	2,574	1,956
Balance at 28 July 2012	**204,340**	**16,858**	**221,198**

Condensed Consolidated Statement of Changes in Equity (continued)

For the 26 weeks to 30 July 2011

	Ordinary Share Capital £000	Share Premium £000	Retained Earnings £000	Foreign Currency Translation Reserve £000	Other Equity £000	Total Equity Attributable To Equity Holders Of The Parent £000
Balance at 29 January 2011	2,433	11,659	171,916	(149)	(1,769)	184,090
Profit for the period	-	-	13,873	-	-	13,873
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	(1,395)	-	(1,395)
Total other comprehensive income	-	-	-	(1,395)	-	(1,395)
Total comprehensive income for the period	-	-	13,873	(1,395)	-	12,478
Dividends to equity holders	-	-	(9,343)	-	-	(9,343)
Non-controlling interest arising on acquisition	-	-	-	-	-	-
Balance at 30 July 2011	**2,433**	**11,659**	**176,446**	**(1,544)**	**(1,769)**	**187,225**

(continued)

	Total Equity Attributable To Equity Holders Of The Parent £000	Non Controlling Interest (restated - see note 1) £000	Total Equity (restated - see note 1) £000
Balance at 29 January 2011	184,090	1,085	185,175
Profit for the period	13,873	660	14,533
Other comprehensive income:			
Exchange differences on translation of foreign operations	(1,395)	-	(1,395)
Total other comprehensive income	(1,395)	-	(1,395)
Total comprehensive income for the period	12,478	660	13,138
Dividends to equity holders	(9,343)	(140)	(9,483)
Non-controlling interest arising on	-	10,462	10,462

acquisition			
Balance at 30 July 2011	**187,225**	**12,067**	**199,292**

Condensed Consolidated Statement of Cash Flows

For the 26 weeks to 28 July 2012

	Note	**26 weeks to 28 July 2012 £000**	26 weeks to 30 July 2011 (restated - see note 1) £000	52 weeks to 28 January 2012 £000
Cash flows from operating activities				
Profit for the period		**2,125**	14,533	49,349
Share of results of joint venture		**-**	(1,068)	(1,068)
Income tax expense		**754**	5,539	18,093
Financial expenses		**685**	436	1,048
Financial income		**(375)**	(323)	(646)
Depreciation and amortisation of non-current assets		**14,819**	11,092	24,353
Exchange differences on translation		**433**	503	(764)
Impairment of intangible assets		**-**	-	2,715
Impairment of non-current assets		**-**	-	1,586
Dividend received from joint venture	3	**-**	(2,691)	(2,691)
Gain on disposal of joint venture	3	**-**	(871)	(871)
Reorganisation of the current warehouse operations	3	**-**	-	3,000
Blacks restructuring	3	**-**	-	3,500
Canterbury restructuring	3	**221**	-	-
Closure of Canterbury North America LLC	3	**-**	-	1,512
Loss on disposal of non-current assets	3	**72**	696	1,148
Increase in inventories		**(32,320)**	(18,255)	(14,397)
Increase in trade and other receivables		**(6,049)**	(12,514)	(2,780)
(Decrease) / increase in trade and other payables		**(8,853)**	(6,397)	11,952
Interest paid		**(685)**	(436)	(1,048)
Income taxes paid		**(6,085)**	(13,380)	(25,084)
Net cash from operating activities		**(35,258)**	(23,136)	68,907,
Cash flows from investing activities				
Interest received		**375**	323	646
Proceeds from sale of non-current assets		**794**	132	171
Disposal costs of non-current assets		**(77)**	(282)	(312)
Acquisition of intangible assets		**(3,015)**	(1,500)	(1,711)
Acquisition of property, plant and equipment		**(15,598)**	(25,722)	(43,846)
Acquisition of non-current other receivables		**(2,765)**	(340)	(1,903)
Cash consideration of acquisitions		**(5,875)**	(6,105)	(26,106)
Cash acquired with acquisitions		**1,206**	3,959	4,019
Overdrafts acquired with acquisitions		**(175)**	(3,326)	(3,326)
Dividend received from joint venture		**-**	7,217	7,217
Net cash used in investing activities		**(25,130)**	(25,644)	(65,151)

Condensed Consolidated Statement of Cash Flows (continued)

For the 26 weeks to 28 July 2012

	Note	**26 weeks to 28 July 2012 £000**	26 weeks to 30 July 2011 (restated - see note 1) £000	52 weeks to 28 January 2012 £000
Cash flows from financing activities				
Repayment of interest-bearing loans and borrowings	7	**(182)**	(16,149)	(16,755)
Repayment of finance lease liabilities	7	**(355)**	(720)	(1,459)
Draw down of syndicated bank facility	7	**38,000**	13,000	-
Acquisition of non-controlling interest		**(40)**	-	-

Sale of subsidiary shares to non-controlling interest		**-**	-	2
Equity dividends paid		**-**	-	(11,338)
Dividends paid to non-controlling interest in subsidiaries		**(338)**	(140)	(140)
Net cash used in financing activities		**37,085**	(4,009)	(29,690)
Net decrease in cash and cash equivalents	7	**(23,303)**	(52,789)	(25,934)
Cash and cash equivalents at the beginning of the period	7	**61,611**	87,545	87,545
Cash and cash equivalents at the end of the period	7	**38,308**	34,756	61,611

1. Basis of Preparation

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The half-year financial report for the 26 week period to 28 July 2012 represents that of the Company and its subsidiaries (together referred to as the 'Group').

This half-year financial report is an interim management report as required by DTR 4.2.3 of the Disclosure and Transparency Rules of the UK's Financial Services Authority and was authorised for issue by the Board of Directors on 18 September 2012.

The half-year financial report is prepared in accordance with IFRS's as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. The comparative figures for the 52 week period to 28 January 2012 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's Auditor and delivered to the Registrar of Companies. The Report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The information contained in the half-year financial report for the 26 week period to 28 July 2012 and 30 July 2011 is unaudited.

As required by the Disclosure and Transparency Rules of the UK's Financial Services Authority, the half-year financial report has been prepared by applying the same accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 52 week period to 28 January 2012.

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

- Amendments to IAS 12 'Income Taxes'

Use of estimates and judgements
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 week period to 28 January 2012.

Risks and uncertainties
The Board has considered the risks and uncertainties for the remaining 27 week period to 02 February 2013 and determined that the risks presented in the Annual Report and Accounts 2012, noted below, remain relevant:

Retail specific

- Damage to reputation of brands
- Retail property factors
- Consolidation of warehouse operations
- Seasonality of sales
- Reliance on legacy IT systems
- Loss of business caused by terrorism, riots or national disaster

Distribution specific

- Credit risk in distribution businesses;

All businesses

- Economic factors
- Indirect taxation
- Reliance on non-UK manufacturers
- Cost of cotton, fuel and other energy
- Protection of intellectual property
- Retention of key personnel
- Treasury risks from movement in interest rates and currency exposures
- Acquisitions in new geographical markets

A major variable, and therefore risk, to the Group's financial performance for the balance of the financial period is the sales and margin performance in the retail fascias, particularly in December and January. Further comment on this and other risks and uncertainties faced by the Group is provided in the Executive Chairman's statement included within this half-year report.

As at 28 July 2012, the Group had net debt balances (cash net of debt) of £979,000 with available committed borrowing facilities of £75,000,000 of which £38,000,000 had been drawn down (see note 7). As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Prior period restatement
The comparative Condensed Consolidated Statement of Financial Position as at 30 July 2011 has been restated to reflect the completion in the period to 28 July 2012 of initial accounting in respect of the acquisitions of Kukri Sports Limited, Champion Sports (Holdings) and JD Sprinter Holdings 2010 SL acquired in the period to 30 July 2011 and the comparative Condensed Consolidated Statement of Financial Position as at 28 January 2012 has been restated to reflect the completion in the period to 28 July 2012 of initial accounting in respect of the acquisitions of JD Sprinter Holdings 2010 SL acquired in the period to 30 July 2011 and to update the initial accounting in respect of Blacks Outdoor Retail Limited acquired in the period to 28 January 2012.

Adjustments made at 28 January 2012 to the provisional calculation of the fair value of assets and liabilities acquired reported at 30 July 2011 have resulted in the following changes:

For the acquisition of Kukri Sports Limited the measurement adjustments made to the fair values of the net liabilities increased total assets by £183,000, increased total liabilities by £294,000 and the resulting change on total equity was £111,000.

For the acquisition of Champion Sports (Holdings) the measurement adjustments made to the fair values of the net liabilities increased total assets by £385,000, increased total liabilities by £385,000 and the resulting change on total equity was £nil.

For the acquisition of JD Sprinter Holdings 2010 SL the measurement adjustments made to the fair values of the net assets increased total assets by £519,000, increased total liabilities by £174,000 and the resulting change on total equity was £345,000.

For the above changes the non-controlling interest increased by £234,000.

Adjustments made at 28 July 2012 to the provisional calculation of the fair value of assets and liabilities acquired reported at 30 July 2011 and 28 January 2012 has resulted in the following changes:

For the acquisition of JD Sprinter Holdings 2010 SL the measurement adjustments made to the fair values of the net assets reduced total assets by £449,000, reduced total liabilities by £289,000 and the resulting change on total equity was £160,000.

The above adjustment has decreased non-controlling interest by £160,000.

Adjustments made at 28 July 2012 to the provisional calculation of the fair value of assets and liabilities acquired reported at 28 January 2012 have resulted in the following changes:

For the acquisition of Blacks Outdoor Retail Limited the measurement adjustments made to the fair values of the net assets increased total assets by £1,403,000, increased total liabilities by £1,403,000 and the resulting change on total equity was £nil.

The impact of this adjustment on the net assets is shown in note 5.

The comparative Condensed Consolidated Statement of Cash Flows as at 30 July 2011 has been restated to analyse out cash acquired with acquisitions and cash consideration of acquisitions. Management consider the revised presentation to be a better reflection of the cash flow impact of the acquisitions.

2. Segmental Analysis

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

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

- Sport retail - includes the results of the sport retail trading companies JD Sports Fashion Plc, John David Sports Fashion (Ireland) Limited, Chausport SA, Champion Sports (Holdings), JD Sprinter Holdings 2010 SL and Duffer of St George Limited
- Fashion retail - includes the results of the fashion retail trading companies Bank Fashion Limited, R.D. Scott Limited, Premium Fashion Limited and Tessuti Group Limited
- Outdoor retail - includes the results of the outdoor retail trading company Blacks Outdoor Retail Limited
- Distribution businesses - includes the results of the distribution companies Topgrade Sportswear Limited, Nicholas Deakins Limited, Canterbury Limited (including global subsidiary companies), Kooga Rugby Limited, Nanny State Limited, Focus Brands Limited, Kukri Sports Limited (including global subsidiary companies) and Source Lab Limited

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

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

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

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. In the 26 week period to 30 July 2011 the share of results of joint venture is presented as unallocated, as this entity had trading relationships with companies in all of the Group's segments. In addition in the 26 week period to 30 July 2011 the exceptional credits pertaining to the dividend received from joint venture (£2,691,000) and gain on disposal of joint venture (£871,000) (see note 3) are included within the unallocated segment. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. Draw downs from the Group's syndicated borrowing facility of £38,000,000 (2011: £13,000,000) and liabilities for taxation of £4,963,000 (2011: £7,306,000) are included within the unallocated segment.

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

Operating Segments

Information regarding the Group's operating segments for the 26 weeks to 28 July 2012 is reported below:

Income statement

	Sport Retail £000	Fashion Retail £000	Outdoor Retail £000	Distribution £000	Unallocated £000	Total £000
Gross revenue	371,192	65,601	52,010	70,653	-	559,456
Intersegment revenue	(29)	-	-	(3,439)	-	(3,468)
Revenue	371,163	65,601	52,010	67,214	-	555,988
Operating profit / (loss) before exceptional items	18,850	(5,309)	(9,995)	(357)	-	3,189
Exceptional items	365	(393)	300	(272)	-	-
Operating profit / (loss)	19,215	(5,702)	(9,695)	(629)	-	3,189
Share of results of joint venture						-
Financial income						375
Financial expenses						(685)
Profit before tax						2,879
Income tax expense						(754)
Profit for the period						2,125

Total assets and liabilities

	Sport Retail £000	Fashion Retail £000	Outdoor Retail £000	Distribution £000	Unallocated £000	Eliminations £000	Total £000
Total assets	444,267	63,201	48,681	75,543	3,047	(110,789)	523,950
Total liabilities	(167,185)	(59,726)	(62,189)	(78,431)	(46,010)	110,789	(302,752)
Total segment net assets / (liabilities)	**277,082**	**3,475**	**(13,508)**	**(2,888)**	**(42,963)**	**-**	**221,198**

The Board believes that the losses experienced in the fashion and distribution segments at the half year are due to the seasonality of the businesses and are comfortable with the carrying value of the assets of these segments at this point in time.

In addition the Board believes that the losses experienced in the outdoor segment at the half year are due to the weak stock provision at acquisition which took a number of months to resolve and are comfortable with the carrying value of the assets of these segments at this point in time.

The comparative segmental results for the 26 weeks to 30 July 2011 are as follows:

Income statement

	Sport Retail £000	Fashion Retail £000	Distribution £000	Unallocated £000	Total £000
Gross revenue	322,780	59,546	60,461	-	442,787
Intersegment revenue	(37)	(30)	(2,952)	-	(3,019)
Revenue	322,743	59,516	57,509	-	439,768
Operating profit / (loss) before exceptional items	20,196	(3,397)	(548)	-	16,251
Exceptional items	(446)	(220)	(30)	3,562	2,866

Operating profit / (loss)	19,750	(3,617)	(578)	3,562	19,117
Share of results of joint venture					1,068
Financial income					323
Financial expenses					(436)
Profit before tax					20,072
Income tax expense					(5,539)
Profit for the period					14,533

Total assets and liabilities

	Sport Retail £000	Fashion Retail £000	Distribution £000	Unallocated £000	Eliminations £000	Total £000
Total assets	380,137	64,073	71,756	-	(76,148)	439,818
Total liabilities	(162,491)	(62,360)	(71,517)	(20,306)	76,148	(240,526)
Total segment net assets / (liabilities)	**217,646**	**1,713**	**239**	**(20,306)**	**-**	**199,292**

Geographical Information

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

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

Revenue

	26 weeks to 28 July 2012 £000	26 weeks to 30 July 2011 £000
UK	**444,053**	364,909
Europe	**88,069**	53,262
Rest of world	**23,866**	21,597
	555,988	439,768

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

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

Non-current assets

	As at 28 July 2012 £000	As at 30 July 2011 £000
UK	**178,006**	173,631
Europe	**64,034**	40,548
Rest of world	**129**	451
	242,169	214,630

3. Exceptional Items

	26 weeks to 28 July 2012 £000	26 weeks to 30 July 2011 £000	52 weeks to 28 January 2012 £000
Loss on disposal of non-current assets (1)	**72**	696	1,148
Impairment of non-current assets (2)	**-**	-	1,586
Onerous lease provision (3)	**(293)**	-	(214)
Reorganisation of the current warehouse operations (4)	**-**	-	3,000

Closure of Canterbury of North America LLC (5)	**-**	-	1,512
Blacks restructuring (6)	**-**	-	3,500
Canterbury restructuring (7)	**221**	-	-
Selling and distribution expenses - exceptional	**-**	696	10,532
Gain on acquisition (8)	**-**	(871)	(871)
Dividend received from joint venture (9)	**-**	(2,691)	(2,691)
Impairment of intangible assets (10)	**-**	-	2,715
Administrative expenses - exceptional	**-**	(3,562)	(847)
	-	(2,866)	9,685

(1) Relates to the excess of net book value of property, plant and equipment and non-current other assets disposed over proceeds received
(2) Relates to property, plant and equipment and non-current other assets in cash-generating units which are loss making, where it is considered that this position cannot be recovered. In the 52 weeks to 28 January 2012 the charge included £101,000 in relation to the closure of the Canterbury North America LLC operations
(3) Relates to the net movement in the provision for onerous property leases on trading and non-trading stores
(4) Relates to the reorganisation of the current warehouse operations consisting of the provision of onerous property leases and redundancy costs
(5) Relates to the closure of the Canterbury North America LLC operations. Included in the impairment of non-current assets in the 52 week period to 28 January 2012 there is a further £101,000 which related to the closure of these operations
(6) Relates to the restructuring of the Blacks business following acquisition
(7) Relates to the restructuring of the Canterbury Fashionwear business following the decision to wind down the separate business
(8) Relates to the remeasurement in fair value of the Group's previously held investment in Focus Brands Limited
(9) A dividend of £7,217,000 was received from Focus Brands Limited on 15 February 2011 prior to the Group's acquisition of a further 31% of the issued share capital of Focus Brands Limited. The dividend received was eliminated against the carrying value of the Group's equity accounted investment with the excess of £2,691,000 recognised in the Consolidated Income Statement as an exceptional credit
(10) Relates to the impairment in the period to 28 January 2012 of the goodwill and brand name arising on the acquisition of Kooga Rugby Limited and the fascia name on the acquisition of Premium Fashion Limited

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

4. Earnings per Ordinary Share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 28 July 2012 is based on the profit for the period attributable to equity holders of the parent of £1,335,000 (26 weeks to 30 July 2011: £13,873,000; 52 weeks to 28 January 2012: £46,847,000) and a weighted average number of ordinary shares outstanding during the 26 weeks to 28 July 2012 of 48,661,658 (26 weeks to 30 July 2011: 48,661,658; 52 weeks to 28 January 2012: 48,661,658) calculated as follows:

	26 weeks to 28 July 2012	26 weeks to 30 July 2011	52 weeks to 28 January 2012
Issued ordinary shares at beginning and end of period	**48,661,658**	48,661,658	48,661,658

Adjusted basic and diluted earnings per ordinary share

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

	26 weeks to 28 July 2012 £000	26 weeks to 30 July 2011 £000	52 weeks to 28 January 2012 £000
Profit for the period attributable to equity holders of the parent	**1,335**	13,873	46,847
Exceptional items excluding loss on disposal of non-current assets	**(72)**	(3,562)	8,537
Tax relating to exceptional items	**18**	-	(2,689)
Share of exceptional items of joint venture (net of income tax)	**-**	(1,170)	(1,170)
Profit for the period attributable to equity holders of the parent excluding			

exceptional items	**1,281**	9,141	51,525
Adjusted basic and diluted earnings per ordinary share	**2.63p**	18.78p	105.89p

5. Acquisitions

Current Period Acquisitions

Originals
On 14 March 2012, the Group acquired, via its subsidiary R.D. Scott Limited, the trade and assets of seven stores trading as Originals and the head office along with the Originals name and inventory from the Administrators of Retailchic Limited for a total cash consideration of £100,000.

Included in the 26 week period to 28 July 2012 is revenue of £669,000 and a loss before tax of £123,000 in respect of Originals.

Acquisition of Source Lab Limited
On 9 May 2012, the Group acquired 85% of the issued share capital of Source Lab Limited for a cash consideration of £2,550,000. Source Lab Limited, which was established in 2005, design, source and distribute football related apparel under license from some of the biggest clubs in Europe including Manchester United, Chelsea, Arsenal and Barcelona.

The provisional goodwill calculation is summarised below:

	Book value £000	Measurement adjustments £000	Provisional fair value at 28 July 2012 £000
Acquiree's net assets at the acquisition date:			
Property, plant & equipment	9	-	9
Inventories	23	-	23
Trade and other receivables	1,370	-	1,370
Cash and cash equivalents	162	-	162
Interest-bearing loans and borrowings	(170)	-	(170)
Trade and other payables	(839)	-	(839)
Net identifiable assets	555	-	555
Non-controlling interest (15%)	(83)	-	(83)
Goodwill on acquisition	-	-	2,078
Consideration paid - satisfied in cash	-	-	2,550

The fair value of trade and other receivables is £1,370,000 and includes trade receivables with a fair value of £1,342,000. The gross contractual amount for trade receivables is £1,342,000, of which £nil is expected to be uncollectable.

The Board believes that the excess of consideration paid over net identifiable assets is best considered as goodwill on acquisition representing employee expertise.

Included in the 26 week period to 28 July 2012 is revenue of £1,110,000 and a profit before tax of £84,000 in respect of Source Lab Limited.

Acquisition of Tessuti Group Limited
On 18 May 2012, the Group acquired 60% of Tessuti Group Limited for an initial consideration of £3,225,000. Tessuti Group Limited has a number of subsidiaries, which collectively operate 4 premium fashion retail stores in the North West of England, along with 2 trading websites.

The provisional goodwill calculation is summarised below:

	Book value £000	Measurement adjustments £000	Provisional fair value at 28 July 2012 £000
Acquiree's net assets at the acquisition date:			
Intangible assets	-	852	852
Property, plant & equipment	1,898	-	1,898
Inventories	660	-	660
Trade and other receivables	303	-	303
Cash and cash equivalents	1,044	-	1,044
Interest-bearing loans and borrowings	(508)	-	(508)
Trade and other payables	(761)	-	(761)
Deferred tax liabilities	(100)	(213)	(313)
Net identifiable assets	2,536	639	3,175
Non-controlling interest	(1,657)	(256)	(1,913)
Goodwill on acquisition	-	-	1,963
Consideration paid - satisfied in cash	-	-	3,225

The Group's non-controlling interest arising on acquisition of £1,913,000 includes indirect ownership within the Tessuti Group of companies.

The fair value of trade and other receivables is £303,000 and includes trade receivables with a fair value of £26,000. The gross contractual amount for trade receivables is £26,000, of which £nil is expected to be uncollectable.

The intangible asset acquired represents the fair value of the 'Tessuti' fascia name. It is the intention of the Group to trade under the Tessuti fascia for the foreseeable future. The Board believes that the excess of consideration paid over net identifiable assets is best considered as goodwill on acquisition, representing employee expertise and anticipated future operating synergies.

Included in the 26 week period to 28 July 2012 is revenue of £891,000 and a loss before tax of £49,000 in respect of Tessuti Group Limited.

Half year impact of acquisitions

Had the acquisitions of Originals, Source Lab Limited and Tessuti Group Limited been effected at 28 January 2012, the revenue and profit before tax of the Group for the 26 week period to 28 July 2012 would have been £559,694,000 and £2,855,000 respectively.

Prior Period Acquisitions

Acquisition of Kukri Sports Limited

On 7 February 2011, the Group acquired 80% of the issued share capital of Kukri Sports Limited for a cash consideration of £1. Kukri Sports Limited has a number of subsidiaries around the world, which source and provide bespoke sports teamwear to schools, universities and sports clubs. In addition, Kukri Sports Limited is sole kit supplier to a number of professional sports teams and international associations.

No measurement adjustments have been made to the fair values in the 26 week period to 28 July 2012.

Acquisition of additional shares in Focus Brands Limited

On 16 February 2011, the Group acquired a further 31% of the issued share capital of Focus Brands Limited for a cash consideration of £1,000,000, with potential further deferred consideration of £250,000 depending on performance. The Group's original share of 49% was acquired on 3 December 2007. Focus Brands Limited was originally incorporated in order to acquire Focus Group Holdings Limited and its subsidiary companies and was an entity jointly controlled by the Group and the former shareholders of Focus Group Holdings Limited. The additional shares purchased take the Group's holding in Focus Brands Limited to 80%, thereby giving the Group control. Focus Brands Limited is now a subsidiary of the Group rather than a jointly-controlled entity. The increase in Group ownership has resulted in a gain of £871,000 being recognised as an exceptional credit in the Consolidated Income Statement upon remeasurement of the Group's previously held equity interest to fair value.

No measurement adjustments have been made to the fair values in the 26 week period to 28 July 2012.

Acquisition of Champion Sports (Holdings)

On 4 April 2011, the Group (via its subsidiaries The John David Group Limited and JD Sports Limited) acquired 100% of the issued share capital of Champion Sports (Holdings) for a cash consideration of £6 (€7) and have also advanced £15,066,000 (€17,100,000) to allow it to settle all of its indebtedness save for a potential maximum £2,203,000 (€2,500,000) of leasing finance.

Champion was founded in 1992 and is one of the leading retailers of sports apparel and footwear in the Republic of Ireland. On acquisition, Champion had 22 stores in premium locations in the Republic of Ireland and one store in Northern Ireland. In the period since acquisition two stores in the Republic of Ireland and the store in Northern Ireland have been closed with a further store in the Republic of Ireland transferred to JD.

No measurement adjustments have been made to the fair values in the 26 week period to 28 July 2012.

Acquisition of JD Sprinter Holdings 2010 SL

On 17 June 2011, the Group, via its new 50.1% owned subsidiary JD Sprinter Holdings 2010 SL ('JD Sprinter'), acquired 100% of the trading businesses that make up the Sprinter group of companies in Spain. The remaining 49.9% of the shares in JD Sprinter are owned equally between the Segarra family, who founded Sprinter, and the Bernad family, who have been investors in Sprinter for 15 years. JD have made an investment of £17,536,000 (€20,000,000) into JD Sprinter by way of subscription for its new shares and the Segarra and Bernad families have put the Sprinter companies into JD Sprinter as consideration for their new shares.

Sprinter was founded in 1981 and is one of the leading sports retailers in Spain selling footwear, apparel, accessories and equipment for a wide range of sports as well as some lifestyle casual wear including childrenswear. This offer includes both international sports brands and successful own brands. Sprinter is based in Elche in South East Spain and on acquisition had 47 stores primarily based in Andalucia and Levante, of which one has subsequently closed.

During the 12 month period since acquisition, certain measurement adjustments have been made to the fair values of the net assets of JD Sprinter Holdings 2010 SL as at the acquisition date in accordance with IFRS 3 'Business Combinations'.

The goodwill calculation is summarised below:

	Provisional fair value at 28 January 2012	Measurement adjustments	Fair value at 28 July 2012
	£000	£000	£000
Acquiree's net assets at the acquisition date:			
Intangible assets	5,058	-	5,058
Property, plant & equipment	9,053	(609)	8,444
Non-current other assets	1,035	-	1,035
Inventories	15,426	-	15,426
Trade and other receivables	383	-	383
Cash and cash equivalents	1,832	-	1,832
Interest-bearing loans and borrowings	(3,326)	-	(3,326)

Trade and other payables	(19,957)	-	(19,957)
Provisions	(355)	-	(355)
Deferred tax asset / (liabilities)	(1,329)	289	(1,040)
Net identifiable assets	7,820	(320)	7,500
Non-controlling interest (49.9%)	(3,902)	160	(3,742)
Goodwill on acquisition	6,590	160	6,750
Consideration paid - satisfied in cash	3,508	-	3,508
Consideration paid - share of cash invested in Sprinter	7,000	-	7,000
Total consideration	10,508	-	10,508

The total non-controlling interest arising on the acquisition of JD Sprinter comprises:

Non-controlling interest in net identifiable assets of trading Sprinter companies	3,902	(160)	3,742
Non-controlling interest in net identifiable assets of JD Sprinter company	7,000	-	7,000
Total non-controlling interest	10,902	(160)	10,742

Blacks Outdoor Retail Limited
On 9 January 2012, the Group acquired, via its subsidiary Blacks Outdoor Retail Limited, the trade and assets of Blacks Leisure Group Plc and certain of its subsidiaries from its Administrators for a total cash consideration of £20,000,000.

Blacks is a long established retailer of specialist outdoor footwear, apparel and equipment and has two fascias (Blacks and Millets) and was trading from 296 stores at the point of its administration. Since acquisition, 94 loss making stores have been closed. In addition to selling third party brands such as North Face and Berghaus, Blacks has two strong own brands in Eurohike and Peter Storm.

During the 6 month period since acquisition, certain measurement adjustments have been made to the fair values of the net assets of Blacks Outdoor Retail Limited as at the acquisition date in accordance with IFRS 3 'Business Combinations'.

The provisional goodwill calculation is summarised below:

	Provisional fair value at 28 January 2012 £000	Measurement adjustments £000	Provisional fair value at 28 July 2012 £000
Acquiree's net assets at the acquisition date:			
Intangible assets	11,500	-	11,500
Other assets	1,650	-	1,650
Property, plant & equipment	3,000	-	3,000
Inventories	6,692	2,326	9,018
Cash and cash equivalents	60	-	60
Trade and other receivables	5,349	-	5,349
Trade and other payables	(13,022)	(1,403)	(14,425)
Deferred tax liabilities	(413)	-	(413)
Net identifiable assets	14,816	923	15,739
Goodwill on acquisition	5,184	(923)	4,261
Consideration paid - satisfied in cash	20,000	-	20,000

Premium Fashion Limited
On 18 June 2011, the Group acquired, via its subsidiary Premium Fashion Limited, the trade and assets of 8 stores trading as Cecil Gee along with the Cecil Gee name and inventory from Moss Bros Group Plc for a cash consideration of £1,598,000.

On 2 December 2011 15% of the issued share capital was disposed of to Benba Investments Limited, Chape Investments Limited and Ginda Investments Limited by issuing 1,500 new shares (500 to each new shareholder) in exchange for a cash consideration of £1,500.

On 25 July 2012 the Group reacquired the 15% share capital for cash consideration of £40,000. As the Group already had control of Premium Fashion Limited, the increase in Group ownership has been accounted for as an equity transaction.

5. Assets Held For Sale

On 23rd August 2012 the Group announced the proposed disposal of Canterbury Limited and its subsidiary businesses ('Canterbury') to Pentland Group Plc ('Pentland') for a total cash consideration of £22,699,000 which the Board, having been so advised by Investec Bank Plc, considered to be a fair and reasonable consideration so far as the shareholders were concerned. Therefore, the assets and liabilities of Canterbury at 28 July 2012 have been classified as held for sale at the lower of carrying amount and fair value less costs to sell:

	As at 28 July 2012 £000
Intangible assets	4,868
Property, plant & equipment	584
Inventories	11,202
Trade and other receivables	10,443
Income tax assets	890
Cash and cash equivalents	5,644
Deferred tax assets	2,157
Net assets held for sale	35,788
Interest-bearing loans and borrowings	(358)
Trade and other payables	(12,976)
Net liabilities held for sale	(13,334)

The net liabilities held for sale exclude amounts owed to JD Sports Fashion Plc of £22,699,000, as these intercompany liabilities are eliminated on consolidation.

The Group only sold a small proportion of Canterbury's products through its own retail fascias and the Board did not believe that the Canterbury brand would be a key component of the Group's future retail proposition. A substantial element of Canterbury's revenue and earnings, which was reported within the Distribution operating segment, were located in New Zealand and Australia, territories where the Group has limited operations and which are significantly distant from the core retail focus of the Group in the UK and continental Europe. The disposal of Canterbury allows the continuing Group to focus on its retail operations and those brands in the Distribution segment which support the core retail proposition.

This transactions was classified under the Listing Rules as a "related party transaction" as Pentland holds 57.47 per cent. of the issued share capital of the Company. Consequently, the transaction was subject to, and conditional upon, the approval of the Company's shareholders. This approval was subsequently given at a General Meeting of the Company held on 13th September 2012.

Canterbury of New Zealand
The Group (via its subsidiary Canterbury Limited) is party to a put and call option agreement between Canterbury Limited and the vendors of Canterbury of New Zealand, whereby Canterbury Limited may acquire or be required to acquire the non-controlling interest of 49% of the issued share capital of Canterbury of New Zealand Limited.

As at 28 July 2012, the present value of the non-controlling interest's put option has been calculated based on expected earnings in Board-approved forecasts and a discount rate of 12.2% (2011: 14.9%), which is pre-tax and reflects the current market assessments of the time value of money and the specific risks applicable to the liability. An increase to the liability of £879,000 has been recognised during the period, with a corresponding debit to other equity.

Canterbury International (Australia) Pty Limited
The Group (via its subsidiary Canterbury Limited) is party to a put and call option between Canterbury Limited and the non-controlling interest in Canterbury International (Australia) Pty Limited, whereby Canterbury Limited may acquire or be required to acquire 25% of the issued ordinary share capital of Canterbury International (Australia) Pty Limited.

As at 28 July 2012, the present value of the non-controlling interest's put option has been calculated based on expected earnings in Board-approved forecasts and a discount rate of 12.2% (2011: 14.9%), which is pre-tax and reflects the current market assessments of the time value of money and the specific risks applicable to the liability. An increase to the liability of £288,000 has been recognised during the period, with a corresponding debit to other equity.

7. Analysis of Net Cash

	At 28 January 2012 £000	On acquisition of subsidiaries £000	Cash flow £000	Reclassification to held for sale £000	**At 28 July 2012 £000**
Cash at bank and in hand	67,024	1,206	(22,534)	(5,644)	**40,052**
Cash included in assets held for sale	-	-	-	5,644	**5,644**
Overdrafts	(5,413)	(175)	(1,800)	-	**(7,388)**
Cash and cash equivalents	**61,611**	**1,031**	**(24,334)**	-	**38,308**
Interest bearing loans and borrowings:					
Bank loans	(289)	-	163	-	**(126)**
Syndicated bank facility	-	-	(38,000)	-	**(38,000)**
Finance lease liabilities	(660)	-	355	-	**(305)**
Other loans	(367)	(508)	19	358	**(498)**
Other loans included in liabilities held for sale	-	-	-	(358)	**(358)**
	60,295	**523**	**(61,797)**	-	**(979)**

At 28 July 2012, the Group had drawn down £38,000,000 from the committed bank facility of £75,000,000.

The Group has a syndicated committed £75,000,000 bank facility which expires on 11 October 2015. Under this facility, a maximum of 10 drawdowns can be outstanding at any time with drawdowns made for a period of one, two, three or six months with interest payable at a rate of LIBOR plus a margin of 1.25%. The arrangement fee is 0.6%. The commitment fee on the undrawn element of the facility is 45% of the applicable margin rate. This facility encompasses cross guarantees between the Company, Bank Fashion Limited, RD Scott Limited, Topgrade Sportswear Limited, Nicholas Deakins Limited, Canterbury Limited, Canterbury of New Zealand Limited and Focus International Limited.

8. Subsequent Events

Disposal of Canterbury Limited
On 13 September 2012 the Group disposed its 100% shareholding in Canterbury Limited to Pentland Group Plc for a total cash consideration of £22,699,000 and acquired the ONETrueSaxon brand from Pentland Group Plc for £50,000.

9. Half Year Report

As indicated in the 2012 Notice of Annual General Meeting, in line with many other listed companies the company will no longer be issuing a hard copy of the half year report. Instead, the Group has decided to make the half-year report available via the Company's website.

Accordingly the half-year report will be available for downloading from www.jdplc.com from mid October. Paper based copies will be available on application to the Company Secretary, JD Sports Fashion Plc, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR.