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JD Sports Fashion Plc

23 September 2008

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JD SPORTS FASHION PLC

INTERIM RESULTS

FOR THE TWENTY SIX WEEKS TO 02 AUGUST 2008

JD Sports Fashion Plc (the "Group"), the leading retailer of sport and athletic inspired fashion apparel and footwear, today announces its Interim Results for the 26 weeks ended 02 August 2008 (comparative figures are shown for the 26 week period ended 28 July 2007):

HIGHLIGHTS

	H1 2008 £000	H1 2007 £000	% Change
Revenue	298,952	250,495	+19%
Gross profit %	48.2%	48.0%	
Operating profit (before net financing costs, exceptional items and share of results of joint venture)	13,040	8,459	+54%
Profit before tax and exceptional items	12,403	8,074	+54%
Exceptional items	(3,287)	(2,746)	
Profit before tax	9,116	5,328	+71%
Basic earnings per ordinary share	12.45p	7.29p	+71%
Adjusted basic earnings per ordinary share (see note 6)	15.50p	8.63p	+80%
Interim dividend payable per ordinary share	3.10p	2.50p	+24%
Net cash at end of period (see note 8)	3,455	7,122	

* Total Group revenue increased by 19% in the period and by 6.0% on a like for like basis (5.9% Sports Fascias; 6.7% Fashion Fascias).

* Gross margin improved from 48.0% to 48.2%, reflecting continued efforts to improve bought in margin as well as increasing own brand share in the Sports Fascias.

* Group profit before tax and exceptional items increased by 54% to £12.4 million (2007: £8.1 million).

* Total Group like for like sales cumulatively to 13 September 2008 now up 5.8% (5.4% Sports Fascias; 8.2% Fashion Fascias).

Peter Cowgill, Executive Chairman, said:

"We are delighted with the performance of the Group during the period. Trading has been very positive with improved like for like sales and gross margin generating a significant increase in profit before tax and exceptional items. We continue to invest in our store portfolio, systems and training to provide a solid platform for future growth.

"The like for like sales performance in the balance of the year will be measured against very strong comparatives from last year and with the backdrop of challenging conditions for the consumer. Nevertheless, the Board believes that the Group is strongly positioned to deliver on market expectations."

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EXECUTIVE CHAIRMAN'S STATEMENT

INTRODUCTION

The 26 week period to 02 August 2008 was one of like for like sales improvement in all our Fascias which has continued in the ensuing period to date. This has driven a further significant enhancement in Group performance to date though we continue to be cautious about the outlook for the balance of this year and for 2009. The continued strong performance has enabled us to continue with our substantial store refurbishment programme and to open ten new stores. The results of the Fashion Fascias are improving and we expect operating profitability to be achieved in the current year.

Our continued progress has resulted in a 54% improvement in profit before tax and exceptional items to £12.4 million (2007: £8.1 million).

Profit before tax in the period was £9.1 million (2007: £5.3 million) after a net exceptional charge of £3.3 million (2007: £2.8 million). The exceptional charge relates to the write off of the remaining goodwill from the acquisition of the Hargreaves airports stores portfolio together with property portfolio rationalisation costs.

Profit for the period after taxation was £6.1 million (2007: £3.5 million).

SPORTS FASCIAS

The Sports Fascias have again traded very positively on a consistent basis and we are continuing to see the benefits of rationalising and refurbishing the store portfolio. In the first half of this year we completed 20 store refurbishments (including Dublin, Bluewater and Gateshead MetroCentre) at a cost of £7.3 million and by the year end this number will have increased to about 37 at an estimated cost of £12.2 million. We expect this programme will continue next year and until we have achieved a consistent quality, look and feel for all of our stores. We opened nine new stores in the half year and expect several more to be added by year end. Consequently, gross capital investment will considerably exceed the depreciation charge in the current year.

We are continuing to develop a more sophisticated approach to merchandise planning and systems and believe that the investment in people and training has been very worthwhile. In addition to this, a greater emphasis on footfall monitoring and conversion statistics is helping both to develop our staff and produce sales improvement, though our success continues to have at its core a differentiated and fashionable branded and own brand offer.

FASHION FASCIAS

We are pleased with progress in both of the Fashion Fascias, Bank and Scotts. The success of the store rationalisation programme last year combined with a more focussed offer has led to the anticipated improvement in Scotts results.

Bank had a slower start to the year than Scotts but substantial work has been carried out to ensure that an aggressive approach was adopted to managing terminal stock out of the business. This has resulted in a short term reduction in margin but nevertheless first half results were in line with expectations and recent trading has been much stronger than in the equivalent period last year. Our objective with this Fascia has always been to create a successful model before rolling it out more extensively.

The move of Scotts' and Bank's management teams to our head office in Bury was successfully completed earlier in the year.

GROUP PERFORMANCE

Revenue, gross margin and overheads

Total Group revenue increased by 19% in the period to £299.0 million (2007: £250.5 million) and by 6.0% on a like for like basis.

Revenue increased by 5.9% on a like for like basis in the Sports Fascias. The Fashion Fascias like for like sales performance was up 6.7% cumulatively in the half year period.

Group gross margin increased in the period from 48.0% to 48.2% reflecting continuing efforts to improve bought in margin and increase own brand sales in the Sports Fascias.

Overhead ratios (excluding exceptional items), net of other operating income, improved to 43.8% of sales (2007: 44.6%), as a result of increased turnover and improving property cost ratios. However, there have been continued planned increases in marketing and merchandising overheads to achieve the improvement in results. We have also reclassified buying and design overheads so that they are now included within selling and distribution overheads.

Operating profits and results

Group operating profit (before net financing costs, exceptional items and share of results of joint venture) increased to £13.0 million (2007: £8.4 million). The Group operating profit margin (before net financing costs, exceptional items and share of results of joint venture) for the first half of the year has therefore increased from 3.4% to 4.4%.

Although exceptional items increased slightly to £3.3 million (2007: £2.8 million), Group operating profit after exceptional items but before share of results of joint ventures and net financing costs rose by £4.0 million to £9.7 million (2007: £5.7 million).

The exceptional items comprise:

	£m
Impairment of goodwill	2.0
Loss on disposal of non-current assets	1.3
Total	3.3

The impairment of goodwill relates to the write off of the remaining balance from the acquisition of the Hargreaves airports stores portfolio in June 2006. Although JD remains committed to airport retailing, the continuing increase in space allocated for security in airports has already resulted in the loss of a number of the acquired stores and there is no guarantee that the concession agreements for the remaining stores will be extended or even that they will not be terminated early. In such circumstances, we will continue to work with the airport operators to secure alternative accommodation, though it cannot always be found economically.

Group profit before tax in the period was £9.1 million (2007: £5.3 million).

Debt reduction and working capital

Net cash at 02 August 2008 of £3.5 million was £3.6 million lower than the position at 28 July 2007 (£7.1m). However, the net cash balance has been achieved after expenditure on acquisitions, investments and associated asset purchases since 28 July 2007 of £32.6 million.

Excluding the impact from the acquisitions, inventories have increased slightly to £59.0 million at 02 August 2008 from £56.2 million at 28 July 2007. Trade creditors continue to be paid to terms to maximise settlement discounts.

STORE PORTFOLIO

Group store numbers reduced in the period from 432 to 430 although the total retail square footage increased from 1,280,000 sq ft to 1,290,000 sq ft. The split between the Sport and Fashion Fascias is as follows:

Sport

	No. of stores	Retail ('000 sq ft)
At 02 February 2008	345	1,089
New stores	9	37
Closures	(9)	(27)
At 02 August 2008	345	1,099

Fashion

	No. of stores	Retail ('000 sq ft)
At 02 February 2008	87	191
New stores	1	3
Closures	(3)	(3)
At 02 August 2008	85	191

DIVIDENDS AND EARNINGS PER ORDINARY SHARE

The Board has decided to pay an interim dividend of 3.10p per ordinary share, which represents an increase of 24% over the prior year (2007: 2.50p). The Board's current intention is that the level of increase in the final dividend will be lower than this so as to restore the historic one-third / two-thirds split between the interim and final dividends. Whilst the Board intends to continue with a progressive dividend policy, it also wishes to retain funding flexibility in the business to continue to allow it to make strategic acquisitions and capital investments as such opportunities arise.

The dividend will be paid on 09 January 2009 to shareholders on the register as at close of business on 05 December 2008. A scrip dividend alternative will be offered to all shareholders.

The adjusted basic earnings per ordinary share before exceptional items are 15.50p (2007: 8.63p).

The basic earnings per ordinary share are 12.45p (2007: 7.29p).

CURRENT TRADING AND OUTLOOK

Trading in the six weeks since the period end has continued to be encouraging with like for like sales for the full 32 week period to 13 September up by 5.4% in the Sports Fascias and by 8.2% in the Fashion Fascias. The like for like sales performance in the balance of the year will be measured against very strong comparatives from last year and with the backdrop of challenging conditions for the consumer. Nevertheless, the Board believes that the Group is strongly positioned to deliver on market expectations.

EMPLOYEES

Another period of progress in challenging times again could not have been achieved without the considerable commitment of all our staff and management. The Board extends its thanks to all involved.

Peter Cowgill

Executive Chairman

23 September 2008

CONSOLIDATED INCOME STATEMENT

for the 26 weeks ended 02 August 2008

	Note	Unaudited 26 weeks to 02 August 2008 £000	Unaudited 26 weeks to 28 July 2007 £000	53 weeks to 02 February 2008 £000 Restated (1)

			Restated (1)	
revenue	2	298,952	250,495	592,240
Cost of sales		(154,931)	(130,179)	(300,813)
gross profit		144,021	120,316	291,427
Selling and distribution expenses - normal		(122,600)	(104,915)	(225,994)
Selling and distribution expenses - exceptional	3	(1,242)	(2,746)	(8,404)
Selling and distribution expenses		(123,842)	(107,661)	(234,398)
Administrative expenses - normal		(8,915)	(7,420)	(22,500)
Administrative expenses - exceptional	3	(2,045)	-	-
Administrative expenses		(10,960)	(7,420)	(22,500)
Other operating income		534	478	1,086
operating profit		9,753	5,713	35,615
Before exceptional items		13,040	8,459	44,019
Exceptional items	3	(3,287)	(2,746)	(8,404)
operating profit		9,753	5,713	35,615
Share of results of joint venture		(245)	-	(145)
Financial income		227	118	297
Financial expenses		(619)	(503)	(764)
profit before tax		9,116	5,328	35,003
Income tax expense	4	(3,008)	(1,812)	(11,416)
profit for the period		6,108	3,516	23,587
Attributable to equity holders of the parent		6,010	3,516	23,549
Attributable to minority interest		98	-	38
Basic and diluted earnings per ordinary share	6	12.45p	7.29p	48.79p

* The Consolidated Income Statements for the periods ended 28 July 2007 and 02 February 2008 have been restated to reclassify certain costs from administrative to selling and distribution expenses.

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the 26 weeks ended 02 August 2008

The Group has no recognised gains or losses during the current or previous period other than the results reported above.

CONSOLIDATED BALANCE SHEET

as at 02 August 2008

	Note	Unaudited As at 02 August 2008 £000	Unaudited As at 28 July 2007 £000	As at 02 February 2008 £000
assets				
Intangible assets		43,933	20,562	41,371
Property, plant and equipment		59,308	43,294	53,622
Other receivables		5,091	2,710	5,025
Investment property		4,126	-	4,151
Equity accounted investment in joint venture		115	-	360
total non-current assets		112,573	66,566	104,529
Inventories		66,994	56,169	58,669
Trade and other receivables		19,573	13,986	15,899
Cash and cash equivalents	8	3,640	7,374	11,969
total current assets		90,207	77,529	86,537
total assets		202,780	144,095	191,066
liabilities				

Interest-bearing loans and borrowings		(102)	(85)	(134)
Trade and other payables		(89,920)	(63,871)	(80,389)
Provisions		(1,898)	(1,590)	(1,893)
Income tax liabilities		(4,965)	(1,884)	(9,147)
total current liabilities		(96,885)	(67,430)	(91,563)
Interest-bearing loans and borrowings		(83)	(167)	(83)
Other payables		(13,384)	(8,454)	(11,839)
Provisions		(3,944)	(3,487)	(4,726)
Deferred tax liabilities		(2,588)	(1,756)	(46)
total non-current liabilities		(19,999)	(13,864)	(16,694)
total liabilities		(116,884)	(81,294)	(108,257)
total assets less total liabilities		85,896	62,801	82,809
capital and reserves				
Issued ordinary share capital	9	2,413	2,413	2,413
Share premium	9	10,823	10,823	10,823
Retained earnings	9	72,660	49,565	69,573
total equity		85,896	62,801	82,809
Attributable to equity holders of the parent		84,741	62,801	81,627
Attributable to minority interest		1,155	-	1,182

CONSOLIDATED CASH FLOW STATEMENT

for the 26 weeks ended 02 August 2008

	Note	Unaudited 26 weeks to 02 August 2008 £000	Unaudited 26 weeks to 28 July 2007 £000	53 weeks to 02 February 2008 £000
cash flows from operating activities				
Profit for the period		6,108	3,516	23,587
Share of results of joint venture		245	-	145
Income tax expense	4	3,008	1,812	11,416
Financial expenses		619	503	764
Financial income		(227)	(118)	(297)
Depreciation and amortisation of non-current assets		6,441	5,348	12,421
Impairment of non-current assets		2,045	908	2,535
Loss on disposal of non-current assets	3	1,242	1,892	3,015
(Increase)/decrease in inventories		(8,764)	(4,700)	2,955
(Increase)/decrease in trade and other receivables		(2,717)	(974)	1,396
Increase in trade and other payables and provisions		7,637	1,141	6,877
Interest paid		(619)	(503)	(764)
Income taxes paid		(8,088)	(3,220)	(7,619)
net cash from operating activities		6,930	5,605	56,431
cash flows from investing activities				
Interest received		144	118	297
Proceeds from sale of non-current assets		5	1,231	1,257
Disposal costs of non-current assets		(636)	(1,695)	(2,432)
Acquisition of intangible assets		-	-	(4,279)
Acquisition of property, plant and equipment		(13,257)	(8,834)	(19,407)
Acquisition of investment property		-	-	(4,160)
Acquisition of non- current other receivables		(194)	(235)	(389)
Cash consideration of acquisitions net of cash acquired		(1,289)	-	(1,135)
Investment in joint venture		-	-	(505)
Amounts loaned to joint venture		-	-	(2,479)
net cash used in investing activities		(15,227)	(9,415)	(33,232)
cash flows from financing activities				
Repayment of interest-bearing loans and borrowings		-	(37)	(18,917)
Payment of finance lease and similar hire purchase contracts		(32)	(9)	(19)
Dividends paid		-	-	(3,524)

net cash used in financing activities		(32)	(46)	(22,460)
net (decrease)/increase in cash and cash equivalents	8	(8,329)	(3,856)	739

1. BASIS OF PREPARATION

JD Sports Fashion Plc (formerly The John David Group Plc) (the 'Company') is a company incorporated and domiciled in the United Kingdom. The consolidated half-year financial report for the period ended 02 August 2008 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 23 September 2008.

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 accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the financial year ended 02 February 2008, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The half-year financial report is prepared in accordance with the EU endorsed standard IAS 34 'Interim Financial Reporting'. The comparative figures for the financial year ended 02 February 2008 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 237(2) or (3) of the Companies Act 1985.

The information contained in the half-year financial report for the 26-week periods ended 02 August 2008 and 28 July 2007 is unaudited.

PRIOR PERIOD RESTATEMENT

The comparatives shown in the Consolidated Income Statement for the periods ended 28 July 2007 and 02 February 2008 have been restated to reclassify certain costs from administrative to selling and distribution expenses. Management consider that the revised presentation is a better reflection of the nature of these costs.

2. SEGMENTAL ANALYSIS

The Group manages its business activities through two divisions - Sport and Fashion. Revenue and costs are readily identifiable for each segment.

The divisional results for the 26 weeks to 02 August 2008 are as follows:

	Unaudited Sport £000	Unaudited Fashion £000	Unaudited Total £000
Revenue	258,352	40,600	298,952
Operating profit/(loss) before financing and exceptional items	16,484	(3,444)	13,040
Exceptional items	(2,993)	(294)	(3,287)
Operating profit/(loss)	13,491	(3,738)	9,753
Share of results of joint venture			(245)
Financial income			227
Financial expenses			(619)
Profit before tax			9,116
Income tax expense			(3,008)
Profit for the period			6,108

The Board consider that share of results of joint venture and net funding costs are cross divisional in nature and cannot be allocated between the divisions on a meaningful basis.

The comparative divisional results for the 26 weeks to 28 July 2007 are as follows:

	Unaudited Sport £000	Unaudited Fashion £000	Unaudited Total £000
Revenue	236,172	14,323	250,495
Operating profit/(loss) before financing and exceptional items	10,638	(2,179)	8,459
Exceptional items	(3,512)	766	(2,746)
Operating profit/(loss)	7,126	(1,413)	5,713
Financial income			118
Financial expenses			(503)
Profit before tax			5,328
Income tax expense			(1,812)
Profit for the period			3,516

The Board consider that net funding costs are cross divisional in nature and cannot be allocated between the divisions on a meaningful basis.

3. EXCEPTIONAL ITEMS

	Unaudited 26 weeks to 02 August 2008 £000	Unaudited 26 weeks to 28 July 2007 £000	53 weeks to 02 February 2008 £000
Loss on disposal of non-current assets	1,242	1,892	3,015
Provision for rentals on onerous property leases	-	(1,092)	-
Impairment of property, plant and equipment	-	908	2,535
Lease variation costs (i)	-	1,038	2,854
Selling and distribution expenses - exceptional	1,242	2,746	8,404
Impairment of acquisition goodwill	2,045	-	-
Administrative expenses - exceptional	2,045	-	-
	3,287	2,746	8,404

* Lease variation costs represent the cost of varying an onerous lease to create a break option.

4. INCOME TAX EXPENSE

	Unaudited	Unaudited

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