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JD Sports Fashion Plc

22 September 2009

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JD SPORTS FASHION PLC

INTERIM RESULTS

FOR THE TWENTY SIX WEEKS TO 1 AUGUST 2009

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 1 August 2009 (comparative figures are shown for the 26 week period ended 2 August 2008):

RESULTS

	2009 £000	2008 £000	% Change
Revenue	323,993	298,952	+8.4%
Gross profit %	48.0%	48.2%	
Operating profit (before exceptional items)	14,360	13,040	+10.1%
Share of results of joint venture before exceptional items (net of tax)	47	(245)	
Net financial expenses	(204)	(392)	
Profit before tax and exceptional items	14,203	12,403	+14.5%
Exceptional items	(3,228)	(3,287)	
Share of exceptional items of joint venture (net of tax) (a)	(847)	-	
Profit before tax	10,128	9,116	+11.1%
Basic earnings per ordinary share	14.35p	12.45p	+15.3%
Adjusted basic earnings per ordinary share (see note 6)	18.97p	15.50p	+22.4%
Interim dividend payable per ordinary share	3.30p	3.10p	+6.5%
Net cash at end of period (see note 8) (b)	5,938	3,439	

a) The share of exceptional items of joint venture consists entirely of unrealised losses on foreign exchange contracts.

b) Net cash consists of cash and cash equivalents together with interest bearing loans and borrowings, loan notes and finance lease and hire purchase contracts.

HIGHLIGHTS

* Total Group revenue increased by 8.4% in the period and by 0.7% on a like for like basis (0.3% Sports Fascias; 3.1% Fashion Fascias).
* Gross margin maintained at 48.2% excluding newly acquired businesses.
* Group profit before tax and exceptional items increased by 14.5% to £14.2 million (2008: £12.4 million).
* Total Group like for like sales for six weeks to 12 September 2009 up 0.8%.
* Interim dividend increased by 6.5% to 3.30p (2008: 3.10p).
* Acquisition of Chausport, the French retailer of sports footwear, creates a foothold in a new and sizeable European market.
* Acquisition of Kooga Rugby Limited, combined with that of Canterbury Europe Limited since the period end, means that JD now owns two important rugby brand businesses which further diversify the Group's interests.

Peter Cowgill, Executive Chairman, said:

"The positive performance of the Group has enabled us to continue with our substantial store refurbishment programme and to open five new Sports stores and five new Fashion stores. It also means that we are able to continue to look positively at the many acquisition opportunities available in our retail markets and related areas as they arise.

"The Sports Fascias remain the core of Group profitability. Their strength lies in our unique blend of sports and fashion brands, the strong brand relationships which allow us to develop exclusive products, and our exclusive own brands and superior visual merchandising. We believe these strengths will benefit us as we look to further develop the potential in the Chausport business in 2010.

"Trading since the period end has continued to be satisfactory with like for like sales for the Group in the six week period to 12 September up by 0.8%. Sports Retail is up by 1.3% (flat excluding the influence of Eid over the latter half of that period) although Fashion Retail is down by 2.4%. The like for like sales performance in the balance of the year will be measured against weaker comparatives in October and November last year but with challenging conditions for the consumer continuing, the result for the full year remains very dependent on the sales and margin performance in December and January.

"Nevertheless, the Board believes that the Group is well positioned to deliver on market expectations."

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EXECUTIVE CHAIRMAN'S STATEMENT

INTRODUCTION

The six months ended 1 August 2009 have seen considerable developments in the Group, not just in the Sports Retail business, where we acquired Chausport SA and its 78 stores in France on 19 May 2009, but also with the acquisition of Kooga Rugby Limited on 3 July 2009.

We have also continued to enhance our multi-channel business with Bank Fashion going online for the first time and Topgrade launching their combined catalogue and online discounted brand business, getthelabel.com. As a result of these positive developments, the Group is now presenting results for three operating segments:

* Sports Retail comprising JD, Size? and Chausport
* Fashion Retail comprising Bank and Scotts
* Wholesale comprising Topgrade (including getthelabel.com), Nicholas Deakins, and Kooga

The 26 week period to 1 August 2009 saw like for like sales improvement in both Retail segments with Sports being +0.3% and Fashion being +3.1% (Bank +2.5%, Scotts +4.2%) making the Group +0.7%. This has resulted in a further improvement in Group results for the period relative to last year although a decline in like for like sales performance in the last two months of the half year means we continue to be cautious about the outlook for the balance of this year.

The positive performance of the Group has enabled us to continue with our substantial store refurbishment programme and to open five new Sports stores and five new Fashion stores (including one transferred from Scotts to Bank). It also means that we are able to continue to look positively at the many acquisition opportunities available in our retail markets and related areas as they arise. Immediately after the period end the key trading assets and global brand rights to Canterbury of New Zealand, the world famous heritage rugby brand, were acquired.

Our further progress has resulted in a 14.5% improvement in profit before tax and exceptional items to £14.2 million (2008: £12.4 million). This profit includes the Group's share of the Focus joint venture operating profit (before exceptional items) of £47,000 (2008: loss of £245,000).

Group operating profit (before exceptional items) increased by 10.1% to £14.4 million (2008: £13.0 million).

Profit before tax in the period was £10.1 million (2008: £9.1 million) after a net exceptional charge of £3.2 million (2008: £3.3 million). The profit before tax is also stated after the Group's share of the exceptional charge from the Focus joint venture of £847,000 (2008: £nil) reflecting the movement in the fair value of foreign exchange instruments from the previous year end.

Profit for the period after taxation was £6.9 million (2008: £6.1 million).

SPORTS RETAIL

Sports Retail has again seen an improvement in its profitability with operating profit before exceptional items increased from £16.2 million to £17.2 million. Sports Retail remains the core of Group profitability. Its strength lies in its unique blend of sports and fashion brands, its strong brand relationships which allow us to develop exclusive products, and its exclusive own brands and superior visual merchandising. We believe these strengths will benefit us as we look to further develop the potential in the Chausport business in 2010.

In the first half of this year we completed 12 store refurbishments in the UK at a cost of £4.5 million and by the year end this number will have increased to around 21 at an estimated cost of £8.8 million. We expect this programme to slow down next year in the UK as we have now achieved a much more consistent quality, look and feel for all of our stores.

FASHION RETAIL

Fashion Retail has seen a reduction in operating losses before exceptional items from £3.3 million to £2.7 million. Although both fascias did reduce their operating losses, gross margin at exit remains around 300 basis points behind our target in both fascias, making the performance improvement so far this year less than anticipated. Scotts also continues to experience profitability issues with its legacy store portfolio.

We remain optimistic that Bank will develop into a successful national chain. We opened three new Bank stores in the period (including one transferred from Scotts) with a further two having opened since. We anticipate we will open at least six more new Bank stores before the end of the financial year.

WHOLESALE

The Wholesale business comprises Topgrade (including getthelabel.com), Nicholas Deakins and our newly acquired rugby businesses, Kooga and Canterbury, the latter of which was acquired after the period end. Wholesale made a loss in the period primarily from the marketing cost invested in launching getthelabel.com. This business was launched in February and we anticipate that it could take three years before it has sufficient critical mass to deliver profits to the Group. This is not unusual in new online businesses and we remain optimistic about the long term profitability of this venture.

The rugby businesses are active in both codes and are managed from premises close to Manchester. We are encouraged by the level of interest in both brands and by the potential for Canterbury as a lifestyle apparel brand in the UK and overseas. We will run the Canterbury business in the UK and Ireland and then the global brand rights which we have will usually be exploited further afield by local distributors providing us with a royalty income stream.

GROUP PERFORMANCE

Revenue, gross margin and overheads

Total Group revenue increased by 8.4% in the period to £324.0 million (2008; £299.0 million) and by 0.7% on a like for like basis.

Revenue increased by 0.3% on a like for like basis in the Sports Fascias and by 3.1% in the Fashion Fascias (Bank +2.5%, Scotts +4.2%).

Group gross margin declined in the period from 48.2% to 48.0%, principally as a result of the lower margin of 39.9% achieved on £9.3 million of sales within Chausport.

Operating profits and results

Group operating profit (before exceptional items) increased to £14.4 million (2008: £13.0 million). The Group operating profit margin (before exceptional items) for the first half of the year has therefore been maintained at 4.4%.

Exceptional items (excluding share of exceptional items in the joint venture) decreased slightly to £3.2 million (2008: £3.3 million) and Group operating profit rose by £1.4 million to £11.1 million (2008: £9.7 million).

The exceptional items comprise:

	£m
Onerous lease provision	1.8
Loss on disposal of non-current assets	1.3
Impairment of fixed assets in loss making stores	0.1
Total	3.2

The onerous lease provision costs primarily relate to properties out of which we do not currently trade but where we remain responsible for the property costs. In the current retail property market, it is proving increasingly difficult to dispose of these properties either to another retailer or to return them to the landlord. The loss on disposal is broadly cash neutral with the premia payable on disposing of properties in the UK businesses offset by premia received by Chausport. Consequently, the charge in the period relates to the write off of assets on disposal.

Group profit before tax in the period was £10.1 million (2008: £9.1 million).

Working capital and cash

Net cash at 1 August 2009 was £5.9 million.

Inventories have increased to £73.8 million at 1 August 2009 from £67.0 million at 2 August 2008. The rise is principally due to the acquired Chausport and Kooga businesses. Trade creditors continue to be paid to terms to maximise settlement discounts.

STORE PORTFOLIO

Group store numbers in the UK and Ireland increased in the period from 437 to 438 with the total retail square footage in these countries increasing from 1,310,000 sq ft to 1,317,000 sq ft. The split between Sport and Fashion Retail in the UK and Ireland is as follows:

Sport Retail

	No. of stores	Retail ('000 sq ft)
At 31 January 2009	345	1,105
New stores	5	12
Closures	(7)	(13)
Remeasures (1)	-	(17)
At 1 August 2009	343	1,087

Fashion Retail

	No. of stores	Retail ('000 sq ft)
At 31 January 2009	92	205
New stores (2)	4	8
Closures	(1)	(1)
Remeasures (1)	-	18
At 1 August 2009	95	230

(1) Following several years of extensive refurbishment activity, the retail area in the stores has been remeasured with a number of minor amendments made to reflect the actual current trading area

(2) In addition, one store (Beckton) was transferred from Scotts to Bank

Furthermore, following the closure of two small loss making stores prior to the period end, Chausport now operates out of 76 stores in France with 78,000 retail square feet.

DIVIDENDS AND EARNINGS PER ORDINARY SHARE

The Board has decided to pay an interim dividend of 3.30p per ordinary share, which represents an increase of 6.5% over the prior year (2008: 3.10p). The Board believes that the level of increase in the total dividend for the year should be determined after the year end as the results are so dependent on Christmas trading. 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 8 January 2010 to shareholders on the register as at close of business on 4 December 2009. A scrip dividend alternative will not be offered.

The adjusted basic earnings per ordinary share before exceptional items are 18.97p (2008: 15.50p).

The basic earnings per ordinary share are 14.35p (2008: 12.45p).

EMPLOYEES

We could not produce positive results and manage the development of the Group without the industry and talent of our many colleagues throughout the business. The Board extends its thanks to all involved.

CURRENT TRADING AND OUTLOOK

Trading since the period end has continued to be satisfactory with like for like sales for the Group in the six week period to 12 September up by 0.8%. Sports Retail is up by 1.3% (flat excluding the influence of Eid over the latter half of that period) although Fashion Retail is down by 2.4%. The like for like sales performance in the balance of the year will be measured against weaker comparatives in October and November last year but with challenging conditions for the consumer continuing, the result for the full year remains very dependent on the sales and margin performance in December and January.

Nevertheless, the Board believes that the Group is well positioned to deliver on market expectations.

Peter Cowgill

Executive Chairman

22 September 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

for the 26 weeks ended 1 August 2009

	Note	26 weeks to 1 August 2009 £000	26 weeks to 2 August 2008 £000	52 weeks to 31 January 2009 £000
revenue		323,993	298,952	670,855
Cost of sales		(168,539)	(154,931)	(340,309)
gross profit		155,454	144,021	330,546
Selling and distribution expenses - normal		(131,714)	(122,600)	(256,315)
Selling and distribution expenses - exceptional	3	(3,228)	(1,242)	(8,201)
Selling and distribution expenses		(134,942)	(123,842)	(264,516)
Administrative expenses - normal		(10,799)	(8,915)	(20,867)
Administrative expenses - exceptional	3	-	(2,045)	(8,122)
Administrative expenses		(10,799)	(10,960)	(28,989)
Other operating income		1,419	534	1,109
operating profit		11,132	9,753	38,150
Before exceptional items		14,360	13,040	54,473
Exceptional items	3	(3,228)	(3,287)	(16,323)
operating profit		11,132	9,753	38,150
Share of results of joint venture before exceptional items (net of tax)		47	(245)	(166)
Share of exceptional items (net of tax)		(847)	-	914

Share of results of joint venture		(800)	(245)	748
Financial income		114	227	529
Financial expenses		(318)	(619)	(1,210)
profit before tax		10,128	9,116	38,217
Income tax expense	4	(3,241)	(3,008)	(13,707)
profit for the period		6,887	6,108	24,510
Attributable to equity holders of the parent		6,984	6,010	24,379
Attributable to minority interest		(97)	98	131
Basic and diluted earnings per ordinary share	6	14.35p	12.45p	50.49p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 26 weeks ended 1 August 2009

	26 weeks to 1 August 2009 £000	26 weeks to 2 August 2008 £000	52 weeks to 31 January 2009 £000
profit for the period	6,887	6,108	24,510
Other comprehensive income:			
Exchange differences on translation of foreign operations	(598)	-	4
Revaluation of available for sale investment	4,824	-	-
total comprehensive income for the period (net of tax)	11,113	6,108	24,514
Attributable to equity holders of the parent	11,210	6,010	24,383
Attributable to minority interest	(97)	98	131

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 1 August 2009

	Note	As at 1 August 2009 £000	As at 2 August 2008 Restated -see note 1 £000	As at 31 January 2009 £000
assets				
Intangible assets		43,544	43,070	42,890
Property, plant and equipment		65,133	58,430	62,668
Investment property		4,077	4,126	4,102
Other receivables		13,807	5,091	5,459
Equity accounted investment in joint venture		308	115	1,108
total non-current assets		126,869	110,832	116,227
Available for sale investments		6,877	-	2,053
Inventories		73,794	66,994	58,287
Trade and other receivables		28,381	19,488	20,453
Cash and cash equivalents	8	7,832	3,640	23,538
total current assets		116,884	90,122	104,331
total assets		243,753	200,954	220,558
liabilities				
Interest-bearing loans and borrowings	8	(914)	(118)	(83)
Trade and other payables		(100,369)	(89,972)	(80,073)
Provisions		(2,783)	(1,898)	(2,859)
Income tax liabilities		(3,570)	(4,905)	(8,395)
total current liabilities		(107,636)	(96,893)	(91,410)
Interest-bearing loans and borrowings	8	(980)	(83)	-
Other payables		(18,243)	(13,384)	(19,690)
Provisions		(5,765)	(3,944)	(5,310)
Deferred tax liabilities		(578)	(647)	(379)
total non-current liabilities		(25,566)	(18,058)	(25,379)
total liabilities		(133,202)	(114,951)	(116,789)
total assets less total liabilities		110,551	86,003	103,769
capital and reserves				
Issued ordinary share capital		2,433	2,413	2,433
Share premium		11,659	10,823	11,659
Retained earnings		91,031	71,505	88,378
Other reserves		4,230	-	4
total equity attributable to equity holders of the parent		109,353	84,741	102,474
Minority interest		1,198	1,262	1,295
Total equity		110,551	86,003	103,769

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 26 weeks ended 1 August 2009

Foreign currency translation reserve £000

Total equity attributable to equity holders of the Parent

Fair value reserve £000

Ordinary share capital

Share

Retained

£000

	Ordinary share capital £000	Share premium £000	Retained earnings £000	Foreign currency translation reserve £000	Fair value reserve £000	Total equity attributable to equity holders of the Parent £000
Balance at 2 February 2008	2,413	10,823	68,391	-	-	81,627
profit for the period	-	-	6,010	-	-	6,010
total comprehensive income for the period	-	-	6,010	-	-	6,010
Dividends to shareholders	-	-	(2,896)	-	-	(2,896)
Balance at 2 August 2008	2,413	10,823	71,505	-	-	84,741

(continued)	Total equity attributable to equity holders of the Parent £000	Minority interest £000	Total equity £000
Balance at 2 February 2008	81,627	1,164	82,791
profit for the period	6,010	98	6,108
total comprehensive income for the period	6,010	98	6,108
Dividends to shareholders	(2,896)	-	(2,896)
Balance at 2 August 2008	84,741	1,262	86,003

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the 26 weeks ended 1 August 2009

	Ordinary share capital £000	Share premium £000	Retained earnings £000	Foreign currency translation reserve £000	Fair value reserve £000	Total equity attributable to equity holders of the Parent £000
Balance at 31 January 2009	2,433	11,659	88,378	4	-	102,474
profit for the period	-	-	6,984	-	-	6,984
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	(598)	-	(598)
Revaluation of available for sale investments	-	-	-	-	4,824	4,824

More to follow, for following part double-click [nRn2V4264Z]