SPORTS DIRECT INTERNATIONAL plc

INTERIM

~~SPECIAL PURPOSE~~ ACCOUNTS

for the period ended

16 December 2007

COMPANY'S REGISTERED NUMBER 06035106

SPORTS DIRECT INTERNATIONAL plc

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SPORTS DIRECT INTERNATIONAL plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF ACCOUNTS

Company law requires the directors to prepare accounts for the period which are properly prepared in accordance with section 273(2) of the Companies Act 1985, or which have been so prepared subject only to matters which are not material for determining, by reference to items mentioned in section 270(2) of the Companies Act 1985, whether the proposed distribution would contravene the relevant section

In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the relevant provisions of the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

SPORTS DIRECT INTERNATIONAL plc

PROFIT AND LOSS ACCOUNT for the period 30 April 2007 to 16 December 2007

	Notes	33 weeks ended 16 December 2007	19 weeks ended 29 April 2007
		£	£
Turnover		-	500,000
Administrative expenses		(637,865)	(2,071,863)
Operating loss		(637,865)	(1,571,863)
Income from shares in group undertakings		185,000,000	60,000,000
Interest receivable		108,190	2,010
Interest payable		(56,323)	-
Profit on ordinary activities before taxation		184,414,002	58,430,147
Tax on profit on ordinary activities		-	-
Profit for the financial period	6	184,414,002	58,430,147

All of the company's operations are classed as continuing There were no gains or losses in the period other than those already included in the above profit and loss account

SPORTS DIRECT INTERNATIONAL plc

BALANCE SHEET as at 16 December 2007

	Note	16 December 2007 £	29 April 2007 £
Fixed assets			
Investments in subsidiary undertakings	2	989,289,287	988,254,804
Current assets			
Debtors	3	222,648,207	48,850,014
Cash at bank		177,888,581	101,673
		400,536,788	48,951,687
Creditors: amounts falling due within one year	4	(370,396,360)	(32,426,343)
Net current (liabilities)/assets		30,140,428	16,525,344
Net assets		1,019,429,715	1,004,780,148
Capital and reserves			
Called up share capital	5	72,000,001	72,000,001
Share premium account	6	874,300,000	874,300,000
Treasury Shares	6	(162,348,423)	-
Permanent contribution to capital	6	50,000	50,000
Capital redemption reserve	6	49,999	49,999
Profit and loss account	6	235,378,138	58,380,148
Shareholders' funds	7	1,019,429,715	1,004,780,148

The accounts were approved by the Board of Directors on 17 December 2007 and were signed on its behalf by

Robert Mellors
Director

SPORTS DIRECT INTERNATIONAL plc

CASH FLOW STATEMENT for the period 30 April 2007 to 16 December 2007

	Notes	33 weeks ended 16 December 2007	19 weeks ended 29 April 2007
		£	£
Net cash (outflow) / inflow from operating activities	8	(163,533 959)	49,663
Returns on investments and servicing of finance			
Interest received		108,190	2,010
Interest paid		(56,323)	-
Dividends received		185,000,000	-
		185,051,687	2,010
Acquisitions and disposals			
Purchase of subsidiary undertakings		(1,034,483)	(928,800,000)
Financing			
Issue of share capital		-	928,800,000
Capital contribution		-	50,000
Purchase of Treasury Shares		(162,348,423)	-
Net cash inflow from financing		(162,348,423)	928,850,000
Equity Dividends paid		(7,416,012)	-
(Decrease) / Increase in cash		(177,786,908)	101,673

NOTES TO THE ACCOUNTS for the period from 30 April 2007 to 16 December 2007

1 **Accounting policies**

The accounts have been prepared in accordance with applicable United Kingdom accounting standards to the extent necessary to prepare the accounts for the purposes of section 273(2) of the Companies Act 1985 A summary of the more important accounting policies adopted are described below

Basis of accounting

The accounts have been prepared under the historical cost convention

Investments

Fixed asset investments are stated at cost less any provision for impairment

Cost represents cash consideration or the amount of ordinary shares issued by the Company at nominal value after taking account of merger relief available under s131 of the Companies Act 1985 plus related acquisition costs capitalised at fair value

Deferred taxation

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Turnover

Turnover, which excludes value added tax, represents revenue earned in respect of providing management services to its subsidiary undertakings

Foreign currencies

Items arising from transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction At the balance sheet date all monetary assets and liabilities denominated in foreign currencies are translated at the closing rate or at the rate of exchange at which the transaction is contracted to be settled in the future

Exchange differences arising in the ordinary course of trading are reflected in the profit and loss account

NOTES TO THE ACCOUNTS for the period from 30 April 2007 to 16 December 2007

1 **Accounting policies (continued)**

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities Equity instruments issued by the Company are recorded at the proceeds received, net of any direct issue costs

2 **Investments**

	£
Shares in group undertakings	
At 29 April 2007	988,254,804
Additions	
Sport 2000	1,034,483
As at 16 December 2007	989,289,287

None of the Company's direct investments are listed

3 **Debtors**

	16 December 2007 £	29 April 2007 £
Amounts owed by group undertakings	221,566,216	47,861,803
Amounts owed by related undertakings	441,405	-
Other debtors	269,251	529,915
Prepayments	371,335	458,296
	222,648,207	48,850,014

4 **Creditors: amounts falling due within one year**

	£	£
Trade creditors	393,919	4,579,093
Amounts owed to group undertakings	369,989,726	763,155
Accruals	12,715	27,084,095
	370,396,360	32,426,343

5 Called up share capital

	16 December 2007 £	29 April 2007 £
Authorised		
999,500,010 ordinary shares of 10p each	99,950,001	99,950,001
499,990 redeemable preference shares of 10p each	49,999	49,999
	100,000,000	100,000,000
Called up, issued and fully paid		
720,000,010 ordinary shares of 10p each	72,000,001	72,000,001

6 Reserves

	Share premium account £	Treasury Share purchase £	Permanent contribution to capital £	Capital redemption reserve £	Profit and loss account £
At 29 April 2007	874,300,000	-	50,000	49,999	58,380,148
Dividends paid	-	-	-	-	(7,416,012)
Share re-purchase	-	(162,348,423)			
Profit for the financial period	-	-	-	-	184,414,002
At 16 December 2007	874,300,000	(162,348,423)	50,000	49,999	235,378,138

Between 24 July 2007 and 26 October 2007 the company acquired 115,547,632 of its own shares for total consideration of £162,348,000, with the purchase price ranging between £1 20 and £1 50 43,547,632 of these treasury shares are held for cancellation

7 Reconciliation of movement on shareholders funds

	£
At 29 April 2007	1,004,780,148
Redemption of non-equity shares	(162,348,423)
Permanent contribution to capital	(7,416,012)
Profit for the financial period	184,414,002
At 16 December 2007	1,019,429,715

8 **Net cash inflow from operating activities**	**33 weeks ended 16 December 2007 £**	**19 weeks ended 29 April 2007 £**
Operating loss	(637,865)	(1,571,863)
Increase in debtors	(173,798,193)	(988,211)
Increase in creditors	337,970,017	2,609,737
Net cash (outflow) / inflow from operating activities	(163,533,959)	49,663