SPORTS DIRECT.COM

THE UK'S NUMBER 1 SPORTS RETAILER

Annual Report **2011**


MYiD
uR BOOT
uR SHIRT
PERSONALISE
YOUR BOOT
IN STORE NOW
A MEMBER OF STAFF FOR DETAILS
adidas

Highlights

FINANCIAL

- Group revenue up 10.2% to £1,599m (2010: £1,452m)
  - UK Retail up 11.3% to £1,245m (2010: £1,118m)
  - International Retail up 10.3% to £132.3m (2010: £119.9m)
  - Brands division down 1.5% to £187.7m (2010: £190.5m)
- Underlying EBITDA up 24.9% to £200.4m (2010: £160.4m)
- Underlying profit before tax up 32.7% to £135.5m (2010: £102.1m)
- Reported profit before tax down 0.6% to £118.8m (2010: £119.5m)
- Group gross margin increased by 60 basis points to 41.2% (2010: 40.6%)
  - UK Retail gross margin increased to 41.9% (2010: 41.3%)
- Underlying earnings per share up 35.9% to 16.83p (2010: 12.39p)
- UK Retail like-for-like gross contribution increased by 6.6%
- Substantially reduced net debt by 52.3% to £148.9m (2010: £311.9m)
  - Net debt to underlying EBITDA of 0.74 times
- The Board decided not to recommend a final dividend

OPERATIONAL

- Growth in Brands Licensing - 95 new licensees during the year
- Nike Academy - training nearly 1,000 employees
- Continued International expansion with our first stores opening in Portugal
- Continued to strengthen our UK market leading position

Sports Direct at a Glance

Retail

The Group's UK stores (other than Field & Trek) supply a wide range of competitively priced sports and leisure equipment, clothing, footwear and accessories under a mix of brands. We stock third party brands including adidas, Nike, Reebok and Puma. Group owned brands include Dunlop, Slazenger and Lonsdale and we also use licensed in brands.

A significant proportion of the revenue in the stores is derived from the sale of the Group owned and licensed in branded products, which allows the retail business to generate higher margins, while at the same time differentiating the Group's stores from its competitors, both in terms of the range of products on sale and the competitive prices at which they are offered.

As at 24 April 2011 the Group operated out of 393 stores in the United Kingdom (excluding Northern Ireland). The majority of stores trade under the SPORTSDIRECT.com fascia, although Field & Trek stores trade under their own fascia.

Field & Trek operates out of 19 stores in the UK, selling a wide range of camping and outdoor equipment, waterproof clothing and footwear, including leading brands such as Berghaus, Merrell and Salomon.

Where We Are

The Group has retail interests outside the UK and has a flexible approach to entry into new markets. These interests include wholly owned retail outlets (in Belgium, Holland, France, Luxembourg, Slovenia and Portugal trading as Sports Direct), joint ventures with other retailers (such as in Heatons stores in Northern Ireland and the Republic of Ireland) stores within another retailer's store (as in Cyprus). Since December 2010 we have acquired a 50.1% stake in the third largest sports retailer in Portugal, Mega Sport who operate out of 15 stores.

Going Forward

The Group intends to continue to enhance its varied store portfolio in both the UK and overseas. We are consistently progressing with our strategy to identify partners in new territories while expanding operations in the countries where we currently have a presence. Plans are in place to expand our International Retail operations into all 17 countries that have adopted the Euro within five years.

Current Presence

UK Retail
TOTAL RETAIL SALES SPACE OF c.**3.8M** SQ FT
393 Stores

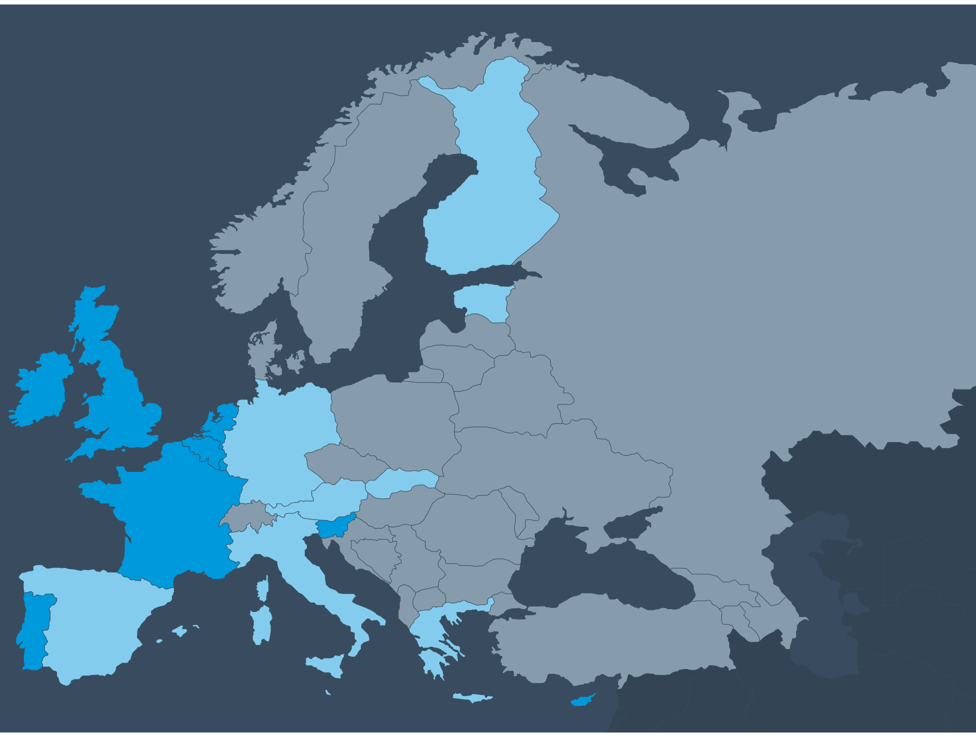
International Retail
TOTAL RETAIL SALES SPACE OF c.**778,000*** SQ FT
118 Stores

44 Belgium
39 Ireland **
14 Slovenia
04 Netherlands
04 Cyprus
10 Portugal
02 France
01 Luxemburg

* EXCLUDING HEATONS
** JOINT VENTURE WITH HEATONS

Target countries in 5 years

Future targets



In-Store

The Group continues to enhance its in store offering with dedicated areas for specialist product collections.

Since 2007 we have owned 25% of Brasher Leisure, trading as Sweatshop to develop SheRunsHeRuns in our stores. To date 50% of stores have a dedicated SheRunsHeRuns area and 15% have a Field & Trek product range. Our newest collaboration with Soccer Scene and The Boot Room are currently in 80% of Stores.

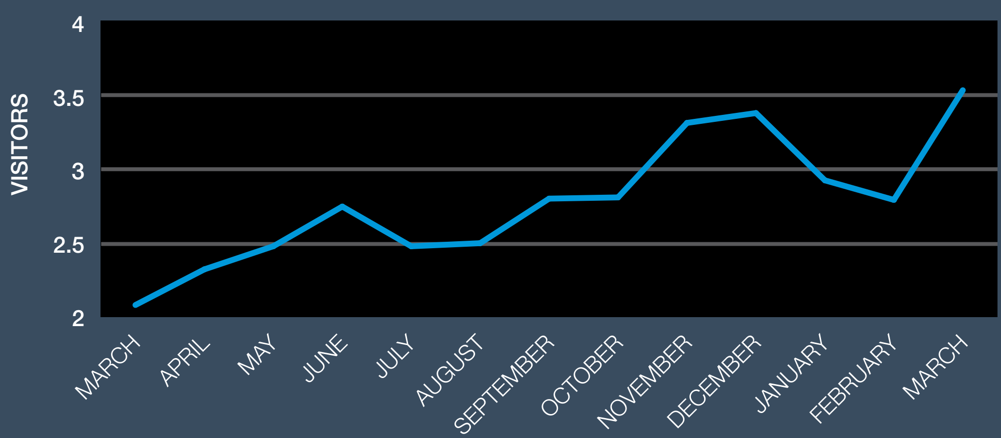
Online

Online revenue continues to be an area of growth and we are looking at opportunities to develop this revenue stream further. The system is built and serviced in-house and the website has benefitted from the increase in recognition of the online brand now that 331 stores have the SPORTSDIRECT.com fascia. Online retail sales currently account for 7.7% of total retail revenue and it is expected to reach 10% in the next financial year.

TV Advertising

In March 2010 the Group ran its first advertising campaign which saw a marked increase in both product specific and new customer web traffic. A second campaign was launched in the autumn of 2010 and we have been running a 26 week campaign since then of fortnightly TV adverts.

WEB TRAFFIC SINCE LAUNCHING OUR TV ADVERTISING CAMPAIGN



Our Brands

The Group's portfolio includes a wide variety of world famous sport, fashion and lifestyle brands.

The Group's Retail division sells products under these Group brands in its stores, and the Brands division exploits the brands through its wholesale and licensing businesses.

The Brands division wholesale business sells the brands' core products, such as Dunlop tennis rackets and Slazenger tennis balls, to wholesale customers and distributors throughout the world, obtaining far wider distribution for these products than would be the case if their sale was restricted to Group stores. The wholesale business also wholesales childrenswear and other clothing.

The licensing business licenses third parties to apply Group owned brands to non-core products manufactured and distributed by those third parties, and third parties are currently licensed in different product areas in over 100 countries. The Brands division is closely involved in the development of licensed products and monitors licensees and their manufacturers to ensure product quality, presentation and consistency with the appropriate brand strategy.

The Brands division continue to sponsor a variety of prestigious events and retain a base of globally recognised, high profile sports men and women.

SPORTSDIRECT.com GROUP

Retail
88% of Group sales

Brands
12% of Group sales

Wholesale
86% of Brands sales

Licensing
14% of Brands sales

DUNLOP SPORT	Leading sports equipment manufacturers for over 70 years.	DONNAY	100 years of tennis heritage.
EVERLAST	Renowned worldwide for 100 years of boxing prowess.	TITLE	Prestige fight sports brand.
LONSDALE LONDON	Pioneering boxing brand with huge fashion and style credentials.	voodoo dolls	The original 'women only' surf brand.
karrimor	Karrimor outdoor equipment is selected by the world's most accomplished mountaineers.	golddigga	Young women's fashion brand.
carlton	The number one specialist badminton brand, established over 150 years ago.	Sondico	Top British football and sports equipment brand.
KANGOL	The most iconic headwear brand with huge celebrity following.	USA PRO	Elite women's fitness brand.
NO FEAR	Extreme sports and lifestyle clothing brand.	LA GEAR	Californian influenced fashion brand with worldwide style status.
Slazenger	Manufacturers of quality British sports equipment since 1881.	ANTIGUA	Global leader of genuine golf, sports and lifestyle apparel.
campri	Fashion leaders in skiwear since 1960.	NEVICA	Iconic technical skiwear brand.

World famous sport, fashion and lifestyle brands

Chairman's Statement

The Group delivered a strong operational and financial performance in what continues to be a tough market environment. Growth has been achieved across all key financial measures with revenue and EBITDA growing impressively and debt reduced. Our customers have backed our industry leading position on both price and quality all of which positions us well for the future.

We strive for improvement in every aspect of our business. In this regard, we continue to improve the quality of our stores, invest in staff training and expand our range of products. We are in continual dialogue with our major brand suppliers to obtain a broader range of their product. We believe, due to our discounting pricing policy, this would allow more consumers to have access to these goods.

Employee bonus share scheme

Central to the success of the Group over the last few years has been the highly motivating Employee Bonus Share Scheme. I am delighted that with today's results which I feel sure are in some part due to this scheme. Having hit this year's underlying EBITDA targets, we are able to reward our qualifying employees with share payouts in both 2012 and 2013. This will make a meaningful difference to over 2,000 of our valued people. We are determined they will continue to benefit from the Group's success as we look to extend this scheme in future years.

I would like to thank, on behalf of the Board, all of our staff for their substantial contribution to our success.

Board

We have strengthened the Board during the year by appointing Charles McCreevy as a Non-Executive Director. His experience in business and as European Commissioner for Internal Markets and Services will be a great asset to Sports Direct. In addition, post the period end, we appointed Claire Jenkins as a Non-Executive Director. Claire's experience in corporate governance and corporate affairs will be invaluable. We have an excellent independent team in place for the benefit of all our shareholders.

Dividend

The Board has determined not to pay a dividend at this point; it will keep the payment of dividends under review.

Investigations

In October 2010 the Serious Fraud Office concluded its investigations into Sports Direct and JJB Sports PLC, bringing no charges against the Company or individuals within it. We are pleased this lengthy investigation has come to an end and that Sports Direct was, as management have always believed, absolved of any wrongdoing. The OFT enquiry, with which we continue to cooperate, is still ongoing.

Keith Hellawell
Non-Executive Chairman

14 July 2011

We continued to work well with our major third party brand suppliers to produce window displays and in-store advertising such as this Nike Mercurial promotion.

Nike, Umbro, adidas, Reebok and Puma all have their own offices in our Shirebrook head office which enables us to work very closely with them on a day to day basis.

Chief Executive's Report

Overview of financial performance

I am pleased to be able to report another year of strong underlying profit growth for Sports Direct, in a consumer environment that remains one of the toughest we have ever seen. The resilience and flexibility of our business model, coupled with our high speed of execution, continues to add significant value to our operations by providing customers with an unrivalled depth and breadth of product choice at the best available prices, across all categories and in all stores and online for serious sportsmen and women.

With a number of new stores opened during the year in the UK and Europe, we are taking our offer to an ever increasing customer base which is responding positively to stronger in-store marketing and promotional initiatives. We are proud of our reputation for quality and have continued to strengthen our position as the clear market leader in the UK sports retail sector.

We are very pleased to report that our UK like-for like gross contribution increased by 6.6% over the 12 month period.

I am especially pleased that we can again advise our employees that we have met this year's underlying EBITDA targets for the Bonus Share Scheme that covered the 2010 and 2011 financial years. As a result of attaining both years' targets they will be sharing in the Group's success by receiving Sports Direct shares in both 2012 and 2013. These were ambitious stretch targets of £155m in 2010 and £195m in 2011 where we actually attained £160.4m and £200.4m. We thank our colleagues for all their efforts to achieve these results.

Due to the success of the Bonus Share Scheme in 2010 and 2011, and the fact that it underpinned the Group's performance over the past two years, the Company will be launching a four year scheme covering the 2012, 2013, 2014 and 2015 financial years and this is explained in more detail later in this report.

Group

In the 52 weeks ended 24 April 2011 ("the Year") we increased Group revenue 10.2% to a record £1,599m compared with revenue of £1,452m for the 52 weeks ended 25 April 2010. The increase was due to a strong performance in the Retail division where revenues rose 11.9% to £1,412m (2010: £1,261m). The Brands division revenues decreased in line with management's strategy and expectations by 1.5% to £187.7m (2010: £190.5m).

Group gross margin in the Year increased by 60 basis points from 40.6% to 41.2%. Retail division margin increased by 40 basis points to 41.2% (2010: 40.8%), while Brands division margin increased 250 basis points to 41.4% (2010: 38.9%). Group operating costs increased 6.6% to £459.4m (2010: £431.0m).

Retail division operating costs were well controlled and increased by only 7.6% in the Year, despite an increase in floor space of 2% and a rise in sales of just under 12%.

Brands division operating costs were up 1.5% to £55.1m (2010: £54.2m) due to an increase in spend on advertising, promotion and sponsorship as part of the Group's on-going investment in internationally recognised brands. Also included within Group operating costs is a £10.6m (2010: £10.8m) charge in respect of the Employee Bonus Share Scheme and Executive Bonus Share Scheme. This charge has been taken centrally and, except in note 4 to the accounts, is not reflected in divisional (Retail and Brands) numbers in this report.

We grew Group underlying EBITDA for the Year by 24.9% to £200.4m (2010: £160.4m). Within this underlying EBITDA, the Retail division increased 24.4% to £188.4m (2010: £151.4m) and the Brands division increased 14.1% to £22.6m (2010: £19.8m).

Group underlying profit before tax increased 32.7% to £135.5m (2010: £102.1m), as a result of the £40.0m increase in EBITDA together with a £5.0m reduction in interest payable and a £12.6m increase in depreciation. Underlying EPS for the Year increased by 35.9% to 16.83p (2010: 12.39p).

In July 2010, we stated that we would aim to reduce debt levels to a range of between one and 1.5 times underlying EBITDA by April 2011. We reported in December that we had made strong progress in respect of this and were ahead of schedule with net debt decreasing to £233.6m (25 April 2010: £311.9m), which was 1.2 times historic rolling underlying EBITDA. We are pleased to report that we have reduced net debt over the Year by 52.3% to £148.9m (2010: £311.9m). This equates to 0.74 times historic rolling underlying EBITDA. This was achieved by:

- growing underlying EBITDA from £160.4m to £200.4m
- limiting the increase in capital expenditure to 13% to £22.0m
- reducing financing costs by £5.0m as a result of on-going low interest rates and lower level of debt
- continuing to save the cost of dividends

The Nike Training Academy at our Shirebrook Headquarters has provided extensive specialist training in the Nike range as well as future developments in that range.

To date 997 employees have attended over 16 days training. All 997 attained Nike undergraduate level and 227 attained graduate status.

This is the first time Nike has joined with a retail partner in such a facility anywhere in the world.

Chief Executive's Report

Review by business segment

	For the financial year ended:		
	24 April 2011 (£'m)	25 April 2010 (£'m)	Change %
Retail Revenue:			
UK Retail	1,244.5	1,117.7	11.3
UK Wholesale and other	34.7	23.5	47.7
International Retail	132.3	119.9	10.3
Total retail revenue	1,411.5	1,261.1	11.9
Cost of sales	(830.3)	(746.1)	11.3
Gross margin	581.2	515.0	12.2
Gross margin percentage	41.2%	40.8%	

	For the financial year ended:		
	24 April 2011 (£'m)	25 April 2010 (£'m)	Change %
Brands Revenue:			
Wholesale	162.0	167.3	-3.2
Licensing	25.7	23.2	10.8
Total brands revenue	187.7	190.5	-1.5
Cost of sales	(110.0)	(116.4)	5.5
Gross margin	77.7	74.1	4.9
Gross margin percentage	41.4%	38.9%	

In spite of a difficult trading environment, our strategy of focusing on our core strengths, increasing efficiencies and controlling costs, delivered another strong performance.

UK Retail

UK Retail revenue growth continues to be primarily driven by our retail and logistics skills – providing the widest choice of the best products at the best prices with universal availability.

UK Retail sales were up 11.3% to £1,245m (2010: £1,118m).

There were no major acquisitions or disposals within UK Retail during the Year. Since the year end, we have acquired 80% stakes in USC and Cruise Clothing for a total cash consideration of £7m and committed to a £20m working capital facility. Sales in the second half of the Year were up 12.9% to £600.2m (2010: £531.7m) against strong comparatives. The sales increase in the second half of the Year was better than expected, while, in line with expectations, gross margin for the second half of the Year reduced to 40.2% (2010: 40.9%) as we deliberately absorbed the increase in VAT and ran selected price promotions. Gross margin for the Year increased by 60 basis points to 41.9% (2010: 41.3%).

Online revenue has increased by 97% from £48.6m to £95.7m in the last 12 months and represented 7.7% of total UK Retail sales (2010: 4.5%). We remain focused on developing this revenue stream further. Order fulfilment and state-of-the-art information technology solutions are developed in-house with full back-up support from our National Distribution Centre resources in Shirebrook, Derbyshire. The website has benefited from the increased recognition of the online brand with 331 of UK store fascia's now branded SPORTSDIRECT.com.

Between March and June 2010, we ran our first television advertising campaign. We saw a subsequent increase in both product specific and new customer web traffic. A second campaign was launched in the autumn of 2010, which again led to a strong increase in sales and web traffic. We continued with our TV campaigns throughout autumn 2010 into spring 2011 and intend to carry on for the rest of summer and into autumn 2011.

As we stated in December, trade in the build up to the World Cup was as strong as expected, culminating in the strongest trading day that the Company has ever experienced on the day of the England versus USA match. We continue to offer the most comprehensive range of England branded products and this was the first FIFA World Cup for the online store and both traffic and sales grew significantly. Unfortunately, the period during the tournament was less successful and sales correlated with the poor performance of the England team and the negative mood this created amongst fans and consumers. The negative impact of clearing excess stock offset some of the positive pre-tournament trade, but we estimate that overall the tournament boosted our full Year results by £15m-£20m at EBITDA level.

UK Retail like-for-like gross contribution increased by 6.6% over the 12 month period, marking the third consecutive year of growth in this KPI. The previous years were 3.4% in 2010 and 2.5% in 2009. UK Retail like-for-like contribution is defined as the percentage change in the successive 12 month period. A like-for-like store is one that has been trading for the full 12 months in both periods and has not been affected by a significant change, such as a major refit. The number of stores included in this year's comparison has decreased from 325 to 290 due to the Group's refit programme undertaken during the Year. This KPI does not include online sales. Operating costs increased 7.7% to £348.3m (2010: £323.5m) in spite of the UK minimum wage increase, an increase in floor space and a rise in sales of just over 11%. Store wages as a percentage of sales was 8.6% (2010: 9.3%) which demonstrates the continued progress in cost control.

Underlying EBITDA for UK Retail was £175.5m (2010: £138.7m). This increase was driven by a £61.3m increase in gross margin (including wholesale), offset by a £24.8m increase in operating costs.

The new Soccer Scene store on Carnaby Street, London is a template for the future Soccer Scene range within the Boot Room at Sports Direct, offering a wide collection of boots, accessories and replica kits.

Chief Executive's Report

The Group's retail businesses performed strongly in a continuingly difficult economic environment. Our retail model, offering outstanding value to our customers, proved as resilient as we expected it to be, both in the UK and internationally. We believe that this business model, which provides flexibility with total control and enables high speed of execution, is the best approach both in the current and for future economic environments. Throughout the Year, we continued to focus on our fundamental approach of offering the customer the most comprehensive product range and the best availability while reducing our costs wherever possible.

Our store portfolio remains constantly under review with the performance of each store and ways of maximising performance being regularly examined. This is why we have closed more than 70 stores since 2008 as our portfolio continues to evolve. We increased our period end square footage to c.3.8m square feet.

As reported last year, the Nike Training Academy and extended National Training facility at the Shirebrook site is now fully operational and has seen 1,350 employees attend brand training sessions throughout the Year. 997 employees attained Nike undergraduate level and 227 of these attained graduate status. The Nike online training programme, SKU (Sports Knowledge Underground) has seen 95% completion by our store employees. Our goal is still to have the best trained and most knowledgeable staff in UK sports retail.

The Group's Shirebrook store's net sales area increased from 18,000 sq. ft. to 25,000 sq. ft. The store remains the blueprint for our programme of updating our core stores across the UK. Capital expenditure for this refit programme is included in the expected Group capital expenditure for FY12 of approximately £40m (2010: £22.0m). The programme includes the creation of specialist areas where whole categories are merchandised together. The Group continues to invest in infrastructure in Shirebrook and the extension of the National Distribution Centre is due to be completed by autumn 2012.

We continued to work well with our major third party brand suppliers. Nike, Umbro, adidas, Reebok and Puma all have their own offices in our Shirebrook head office which enables us to work very closely with them on a day to day basis.

We continued to build on our store-in-store concept and our way of approaching specialist areas is to collaborate with partners where we can grow their standalone business. Since taking the stake in Brasher Leisure Ltd, trading as "Sweatshop", in 2007, we have continued to roll out the SheRunsHeRuns dedicated sales areas in our core stores. Another example is with Soccer Scene @ the Boot Room. This category is also managed from our Shirebrook headquarters and the roll out of the Boot Room is largely complete throughout our core store portfolio.

Store Portfolio	**As at 24 April 2011**	As at 25 April 2010
Core	306	300
Non-core	87	87
Total	393	387
Core openings	11	9
Non-core openings	11	25
Core closed	5	1
Non-core closed	11	5
SPORTSDIRECT.com fascias	331	306
Field & Trek fascias	19	19
Lillywhites fascias	2	3
Other fascia's (Gilesports, Hargreaves)	41	59
Area (sq. ft.)	c.3.8m	c.3.7m

In the 12 months to 24 April 2011, 66 rent reviews have been agreed on stores. The average increase in rent was 3.54% (0.79% annual equivalent). There are currently 55 rent reviews outstanding with a further 40 falling due in 2011-12.

For a number of years, our UK Retail division has occupied 32 stores and two offices owned by Mike Ashley, the Group's major shareholder, under the terms of a five year lease dated March 2007. We stated in last year's Annual Report that the Company would discuss with Mr Ashley the purchase of properties owned by him and from which the company trades. The Board (excluding Mr Ashley because of his material interest) believes that the purchase of these properties is in the best interest of the Company. Having reached an agreement a circular to shareholders and a resolution for our AGM have been prepared which, if approved, would allow the Company to purchase this portfolio of properties.

Independent shareholders accounting for c.12% of the Company's shares (c.42% of the shares not controlled by Mike Ashley) as at 14 July 2011, have confirmed to the Independent Directors that they support this transaction and intend to vote in favour of this resolution.

In the current financial Year, we are targeting to open between 15 and 20 new core stores including relocations in the UK, excluding Northern Ireland. We have already opened seven in the first quarter, including two relocations.

sheruns heruns
Your Running Partner

We are continually improving our running category. Our SheRunsHeRuns category is designed to cater for the growing ‘main stream’ runner. Delivering on price, range and availability coupled with specialist knowledge.

Chief Executive's Report

International Retail

International Retail sales were up 10.3% to £132.3m (2010: £119.9m). On a currency neutral basis, the increase was 14.7%

International Retail gross margin fell by 50 basis points to 43.5% primarily due to an extensive stock clearance programme in the new Portuguese stores in the last quarter.

We have introduced an International Retail like-for-like stores gross contribution figure. This will be using the same criteria that we have established for UK Retail. In the year to 24th April 2011, we have seen an 8.5% increase in International Retail like-for-like gross contribution. The number of stores included in this metric is 50.

Operating costs within International Retail increased by 6.8% to £45.4m (2010: £42.5m). The increase was less than the £4.9m increase in gross margin and, together with a £1.8m decrease in income from associates, resulted in an increase in underlying EBITDA of 1.6% to £12.9m (2010: £12.7m).

Excluding income from associates (Heatons), International Retail underlying EBITDA increased by 19.6%.

The Group has a 50% shareholding in the Heatons chain. There are 13 Sports Direct stores in Northern Ireland and 26 sports stores in the Republic of Ireland.

International Retail store portfolio	24 April 2011	25 April 2010
Belgium	44	44
Slovenia	14	12
Portugal	10	-
Holland	4	4
Cyprus	4	3
France	2	1
Luxembourg	1	1
Total	79	65
Area (sq. ft.)	c.778k	c.649k

All of the above stores are operated by companies wholly owned by the Group, except Portugal. As stated in December, we plan to accelerate the growth of our international operations. As a result, we opened seven new stores in Europe, including three relocations and our second store in France. As at 24 April 2011, International Retail operated from a total retail sales space of c.778,000 sq. ft. (2010: c.649,000 sq. ft.)

In Portugal, we are pleased to report that the integration programme across the ten stores has been successfully completed in just six months, when this process would normally take between 12 and 18 months. We acquired 15 stores as part of the portfolio; closed six; opened one; while two stores have undergone major refits. All stores are now operating under the SPORTSDIRECT.com fascia.

Importantly, with all of our new and existing stores in Europe, local management are working hard to ensure that all stores are working towards the operational efficiencies and standards that exist across the UK portfolio.

We continue with our strategy to identify partners in new territories while continuing to expand our operations in the countries where we currently trade. We are looking in particular to further expand our operations in the French and Iberian Peninsula and have targeted at least nine new stores; three in France, two in the Netherlands, and one each in Cyprus, Malta, Slovenia and Belgium in the current year.

Brands

Brands total revenue reduced 1.5% to £187.7m (2010: £190.5.m), driven by our deliberate strategy to change some of our sales from wholesale to licensing.

Wholesale revenues were down 3.2% to £162.0m (2010: £167.3m), in line with this strategy to focus on contribution rather than revenue, while concentrating on streamlining our sales mix. Brands gross margin improved by 250 basis points to 41.4% (2010: 38.9%), reflecting the improved mix of sales and an improvement in wholesale gross margin to 32.1% (2010: 30.4%).

The market for our Wholesale businesses in the UK, Europe and the US remain challenging and the customer base has been restructured to eliminate unprofitable business.

Licensing revenues were up 10.8% to £25.7m (2010: £23.2m) which was in line with our expectations.

During the Year, we signed 95 new licence agreements, covering multiple brands and product categories, with minimum contracted values of $86m over the terms of the agreements. We also restructured the Everlast master license for clothing in Europe. Management are currently targeting for license income to achieve a Compound Average Growth Rate (CAGR) of 10% and reach at least $60m by April 2015.

Longer term, we still regard licensing as the key driver for the Brands division profitability and growth of the business. The main growth areas are expected to be Asia Pacific and the Americas.

Operating costs increased by 1.5% to £55.1m (2010: £54.2m), as we continue to invest in our portfolio of world class brands. As a result of this investment, our advertising and promotional spend increased by 18.7% to £16m.

Underlying EBITDA increased 14.1% to £22.6m (2010: £19.8m) as the increase in costs of £0.8m was less than the increase in gross profit of £3.5m. Underlying EBITDA represented 88% of licensing income in the Year, and it is our aim to increase this proportion to 100% by the end of our 2012 financial year.

SOCCER SCENE @ the boot room
MYiD uR BOOT uR SHIRT

Our specialist in-store football area 'The Boot Room' in conjunction with Soccer Scene now features in 80% of our stores.

Chief Executive's Report

Cash flow in the division was strong with tight working capital management resulting in a reduction in debtors of £6.2m.

The business continues to sponsor and receive endorsements from leading players and tournaments including Slazenger's 108th year as the official ball supplier for the Wimbledon championships. We believe this to be one of the longest continuous sponsorship arrangements anywhere in the world.

Key Performance Indicators

The Board monitors the performance of the Group by reference to a number of key performance indicators (KPI's), which are discussed in this Chief Executive's Report, and also in the Financial Review and in the Corporate Responsibility Report on pages 54, 56 and 57 respectively. The most important of these KPI's are:

	For the financial year ended:	
	24 April 2010	25 April 2009
Financial KPI's		
Group revenue	£1,599.2m	£1,451.6m
Underlying EBITDA [(1)]	£200.4m	£160.4m
UK Retail gross margin	41.9%	41.3%
UK Retail like-for-like stores gross contribution [(2)]	+6.6.%	+3.4%
Underlying earnings per share [(3)]	16.83p	12.39p
Non-financial KPI's		
No. of core stores [(4)]	306	300
Customer complaints % change	+3.6%	+4.0%
Employee turnover	16.9%	17.4%
Cardboard recycling	6,237 tonnes	5,847 tonnes

[(1)] The way in which underlying EBITDA is calculated is set out in the Financial Review.

[(2)] Like-for-like gross contribution for UK Retail is the percentage change in successive 12 month periods. Like-for-like gross contribution is adjusted to eliminate the impact of foreign currency movements. A like-for-like store is one that has been trading for the full 12 months in both periods, and has not been affected by a significant change such as a major refit. Store gross contribution is the excess of sales revenue (net of VAT) over the cost of goods sold. This KPI excludes online sales revenue. The gross contribution would only be adjusted if a significant promotion affected the comparison.

[(3)] The way in which underlying earnings per share is calculated is set out in the Financial Review.

[(4)] A core store is a store acquired and fitted out by the Group or otherwise so designated.

Contracts essential to the business of the Group

The Group has long established relationships with Nike and adidas, the major suppliers of third party branded sporting goods, particularly footwear, and considers that continued supplies from these companies is critical to the business of the Group.

Main trends and factors likely to affect the future development and performance of the Group's businesses

The Group's retail businesses will undoubtedly be affected by the economic climate and changes therein. Movements in interest rates and exchange rates affect the businesses directly and consumer confidence and spending is affected by a wide range of factors including employment, tax and interest rates, house prices and the general 'feel good factor', factors beyond the Group's influence. We were relieved that the Government had given plenty of warning that the VAT increase to 20% would not take place until 4 January 2011.

All of the above apply equally to our Brands businesses, both wholesale and licensing. Reduction in customer demand is reflected in the wholesaling and licensing business, as orders and royalties are affected. Moreover, in difficult economic times, suppliers come under increasing pressure to reduce their prices to their customers and all suppliers run the risk of their customers ceasing to trade, reducing demand for their products. Difficult economic conditions can also make it difficult for suppliers to obtain credit insurance in respect of some customers, leaving the supplier with a difficult question of whether or not to supply and, if they do, with the attendant risk of bad debts.

Later in this report, we comment on risks and uncertainties that relate to the Group's businesses and while we manage to reduce risks, where possible, the likelihood of their occurring and their impact if they do, are factors that could influence the Group or part of it.

The Group is now applying hedge accounting, which is in line with other major retailers. This reduces an element of potential volatility in reported profit.

Environmental matters

A review of the assessment of the Groups impact on the environment is included in the Corporate Responsibility Report on pages 56 and 57.

Field & Trek was acquired in 2007 and currently trades out of 19 stores. It sells a wide range of outdoor equipment, clothing and footwear from leading brands such as Karrimor, Berghaus, Merrell, Salomon and Craghoppers.

Chief Executive's Report

Employees

In no small measure, the progress we continue to make is down to the dedication and expertise of over 18,000 staff throughout the business. I am delighted to take this opportunity to thank everyone in the team for their outstanding contribution and I look forward to working with them towards our further growth and success.

We have incentivised employees by enabling them to share in the Group's success through the 2009 Bonus Share Scheme. The Bonus Share Scheme is focused on underlying EBITDA and is designed to motivate colleagues, help improve retention of key employees and to align the interests of employees and shareholders. The share scheme is also aligned with the Group's business plan.

The bonus is in two stages. The first bonus is 25% of base pay in shares of £1.00 per share. The first bonus target was underlying EBITDA of £155m in 2009-10 and was achieved in that year. The first bonus will vest in 2012.

The second bonus is 75% of base pay in shares of £1.25 per share. The second stage of the bonus was conditional upon the first bonus target being met in 2009-10, attaining underlying EBITDA of £195m in 2010-2011, and underlying EBITDA / Net Debt ratio of two or less at the end of 2010-11. All these targets were achieved in the Year. The shares vest, subject to continuous employment until then, in 2013.

We will be launching the 2011 Bonus Share Scheme this year to follow on from the previous scheme. It will be a four year scheme based upon achieving underlying EBITDA before the costs of the scheme of £215m in 2012, £250m in 2013, £260m in 2014 and £300m in 2015 coupled with the individual employee's satisfactory personal performance. The scheme requires that all targets are met before the shares will vest. The vesting periods will be summer 2015 (approximately 8m shares) and summer 2017 (approximately 26m shares). Further information regarding the scheme is on page 54 of this report.

Risks and uncertainties relating to the Group's business

The identification and management of risk is a continuous process, and the Group's system of internal controls and the Group's business continuity programmes are key elements of that. The Group maintains a system of controls to manage the business and to protect its assets. Close monitoring of the market, competitors, the economy, consumer confidence, participation in major sporting events, the weather, companies in which the Group holds strategic stakes, the behaviour of licensees, and of possible infringement of intellectual property, and the development of contingency plans and rapid response to changing circumstances manages and does much to mitigate the risks caused by these factors.

We continue to invest in people, systems and in IT to manage the Group's operations and its finances effectively and efficiently.

Risks are an inherent part of the business world. The Group has identified the following factors as potential risks to, and uncertainties concerning, the successful operation of its business.

Supply chain and key suppliers

Any disruption or other adverse event affecting the Group's relationship with any of its major manufacturers or key brands or brand suppliers, or a failure to replace any of its major manufacturers or suppliers on commercially reasonable terms, could have an adverse effect on the Group's business, operating profit or overall financial condition.

The Group is reliant on manufacturers in developing countries as the majority of the Group's products are sourced from outside the UK. The Group is therefore subject to the risks associated with international trade and transport as well as those relating to exposure to different legal and other standards.

The Group follows policies of forging long term relationships with suppliers and of utilising two leading supply chain companies to procure much of the Group's own branded goods as described on page 57 of the Corporate Responsibility Report. This close relationship brings a better understanding of the supplier's resources enabling the Group to react quickly to changes in the international supply market.

The Group requires suppliers to sign up to the Group's Code of Ethics/Supply Policy which enables the Group to monitor and benchmark the supplier's performance. It allows the Group to carry out inspections of premises to ensure compliance with our codes for continuity and quality of supply.

Many risks relating to the supply chain, reliance on non-UK suppliers, and to the reputation of the Group's brands are managed and mitigated by the implementation of those policies.

Treasury and financial risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency, as exchange rates move.

In the Group's case, the majority of foreign exchange contracts relating to the sourcing of Group branded goods are denominated in US dollars, and a strengthening of the dollar or a weakening of the pound sterling makes those goods more expensive. The Group seeks to mitigate the expenses and FX fluctuations by hedging via forward foreign currency contracts which are designated as cash flow hedges.

EUROPEAN GOLF

Our European Golf specialist area caters for the needs of all golfers from beginners through to advanced, offering a range of leading brands covering all golf categories.

Chief Executive's Report

The Group also holds assets overseas in local currency, and these assets are revalued in accordance with currency movements. This currency risk is not hedged.

The Group has net borrowings, which are principally at floating interest rates linked to bank base rates or LIBOR. The Group is cash generative and is now targeting its debt levels to mitigate any such risk and currently has debt levels of less than 1 x underlying EBITDA.

Credit and liquidity risk
The Group, primarily through its Brands division, could have a credit risk if credit evaluations were not performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. Our key suppliers also face credit risk and as such the Group regularly assesses the viability of its suppliers and ensures there are plans to source from alternative businesses should key suppliers fail.

Rigorous procedures are in place to mitigate this credit risk. The Group has a credit policy in place and the exposure to risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount, and concentration of credit risk is managed. Investment of cash surplus, borrowings and derivative investments are made through banks and companies which have credit ratings and investment criteria approved by the Board.

Funding and liquidity for the Group's operations are provided through bank loans, overdrafts and shareholders' funds. The object is to maintain sufficient funding and liquidity for the Group's requirements, but the availability of adequate cash resources from bank facilities and achieving continuity of funding in the current financial climate could be a risk to the Group in future years. Again the Group mitigates this risk by keeping debt levels low and the current facility has been renewed with a club of 10 banks, thereby spreading the risk.

Investment risk
The Group also holds shares in publicly listed companies and fluctuations in their share prices will have a financial impact on the business results. The Group has chosen to limit further purchases of public listed company shares in order to reduce the potential risk to the business, although current investments are in known business sectors and are not deemed to be in volatile companies.

Pensions
Some subsidiaries in the Group make contributions to certain occupational defined benefits pension schemes. An increase in the schemes' funding needs or changes to obligations in respect of the schemes could have an adverse impact on its business.

Although the Group is unable to mitigate any change in legislation regarding contributions, the schemes are historical and closed to new entrants. The Group does not intend to enter into any further final salary arrangements going forward.

Market forces
The sports retail industry is highly competitive and the Group currently competes at national and local levels with a wide variety of retailers of varying sizes who may have competitive advantages, and new competitors may enter the market. Such competition continues to place pressure on the Group's pricing strategy, margins and profitability.

Operational
Any significant disruption to the operations of the Group, divisional head offices and the National Distribution Centre at Shirebrook, or interruption to the smooth running of the Group's fleet of vehicles, might significantly impact its ability to manage its operations, distribute products to its stores and maintain its supply chain.

Any long term interruption of the Group's IT systems would have a significant impact on the Group's operation, particularly in the Retail division. As explained below the Group's business continuity programme addresses these operational risks.

Business continuity and acts of terrorism
The majority of the Group's revenue is derived from the UK and accordingly any terrorist attacks, armed conflicts or government actions within the UK could result in a significant reduction in consumer confidence, which would in turn have an adverse affect on sales in stores.

The business continuity programme addresses the risk of disruption to the Shirebrook campus. Accordingly the Board is confident that as far as is practical the risks and uncertainties that face the Group are being monitored and managed and that where required appropriate action is being taken.

Legal
The Group's trade marks, patents, designs and other intellectual property rights are central to the value of the Group's brands. Third parties may try to challenge the ownership or counterfeit the Group's intellectual property. The Group may need to resort to litigation in the future to enforce its intellectual property rights and any litigation could result in substantial costs and a diversion of resources.

The Group believes that its licensees, suppliers, agents and distributors are in material compliance with employment, environmental and other laws. The violation, or allegations of a violation, of such laws or regulations, by any of the Group's licensees, suppliers, agents or distributors, could lead to adverse publicity and a decline in public demand for the Group's products, or require the Group to incur expenditure or make changes to its supply chain and other business arrangements to ensure compliance.

With new stores opening in the UK and Europe, we are taking our offer to an ever increasing customer base, which is responding to instore marketing and promotional initiatives.

Chief Executive's Report

The Group has an in house specialist trade mark and license legal department that administers all registrations and regulations. This in house expertise is vital in mitigating any or all such issues.

Sales
The Group's retail businesses are subject to seasonal peaks. The incidence and participation in major sporting events will have a particular impact on the UK Retail business. Prolonged unseasonal weather conditions or temporary severe weather during peak trading seasons could also have a material adverse effect on the Group's businesses. We are dependent upon our store portfolio and consumers' spending habits.

Although unable to mitigate environmental conditions we are able to influence our retail portfolio and therefore constantly monitor development of stores and we aim to increase our square footage through viable new retail space. By monitoring our stock levels correctly through sales forecasting we can manage the peaks in demand and trading profiles can be predicted.

Consumers
The Group's success and sales are dependent, in part, on the strength and reputation of the brands it sells, and are subject to consumers' perceptions of the Group and of its products, which can fall out of favour. Adverse publicity concerning any of the Group's brands or manufacturers or suppliers could lead to substantial erosion in the reputation of, or value associated with, the Group. Our dedicated legal department monitors usage of the Group's own brands to ensure they are used in the correct manner to maintain reputation.

Environmental
Environmental disasters such as volcanic ash clouds have highlighted how it is impossible to predict how an environmental occurrence will affect businesses.

The Group constantly updates systems to mitigate any delay or loss of goods in transit or the absence of any employee or large numbers of employees that may or may not be altered by acts of nature.

Research and development

The Group's success depends on the strength of the Group brands and, to a lesser extent, the licensed-in brands. The Group's efforts to continually develop or obtain brands in a timely manner or at all may be unsuccessful.

Our strategy for growth

The Group's primary financial strategy is to continue to deliver sustainable long term growth. Our focus remains strongly on growing the core UK Retail business by continuing to drive efficiencies and deliver the unrivalled value for money which our growing customer base has come to expect, while developing our offering in specialist sports categories. We have established an excellent platform for growth which we will build on with our proposed EBITDA related share bonus scheme.

Outside the UK, our Brands business will focus on licensing opportunities and will continue to restructure the wholesale businesses. We will continue to invest in our brands through advertising and promotion.

We believe that acquisitions and strategic investments in other related businesses are beneficial to the Group and we will continue to evaluate opportunities as they arise.

Outlook

The strength of our business model means that we are very well positioned for the challenges and targets for the next four years. Our progress since the year end is in line with management expectations and we are confident of reaching our current year target of underlying EBITDA of £215m before scheme costs.

Dave Forsey
Chief Executive

14 July 2011

DUNLOP SPORT

In 2011 Dunlop launched its revolutionary technology Biomimetics.

The concept of Biomimetics is the study of nature and the natural world to inspire the design of engineering solutions and cutting edge technology. Dunlop has taken this concept to inspire racket technologies and create the ultimate range of performance rackets.

Financial Review

The financial statements for the Group for the 52 weeks ended 24 April 2011 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Summary of results

	For the financial year ended:		
	24 April 2011 (£'m)	25 April 2010 (£'m)	Change %
Revenue:	**1,599.2**	**1,451.6**	**+10.1**
Underlying EBITDA	200.4	160.4	+24.9
Underlying profit before tax	135.5	102.1	+32.7
Reported profit before taxation	118.8	119.5	-0.6
	Pence per share	Pence per share	
Reported EPS	14.80	15.73	-5.9
Underlying EPS	16.83	12.39	+35.9

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

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

EBITDA

	EBITDA (£'m)	**PBT (£'m)**
Operating profit	134.6	
Depreciation	59.9	
Amortisation	3.0	
Exceptional items	2.3	
Share of profit of associated undertakings	0.9	
Reported	200.7	118.8
Realised FX profit	(0.3)	(0.3)
IAS 39 FX fair value adjustment on forward currency contracts	-	1.6
Other investment income	-	12.2
Exceptional items	-	2.3
Fair value adjustment within associates	-	0.9
Underlying	200.4	135.5

There is a significant difference between underlying and the lower reported profit before tax. Underlying profits before tax (and underlying EBITDA) exclude exceptional items, which decreased profit by £2.3m, realised exchange profit/loss and IFRS revaluation of foreign currency contracts, which increased 2011 profits by £0.3m and decreased profit by £1.6m respectively and a £0.9m loss on fair value adjustments within associated undertakings.

Revenue and margin

	For the financial year ended:		
	24 April 2011 (£'m)	25 April 2010 (£'m)	Change %
Retail Revenue:			
UK Retail	1,244.5	1,117.7	+11.3
UK wholesale and other	34.7	23.5	+47.7
International Retail	132.3	119.9	+10.3
Total	**1,411.5**	**1,261.1**	**+11.9**
Brands Revenue:			
Wholesale	162.0	167.3	-3.2
Licensing	25.7	23.2	+10.8
Total	**187.7**	**190.5**	**-1.5**
Total Revenue	**1,599.2**	**1,451.6**	**+10.2**

Slazenger™

During the Year, Slazenger continued to grow its portfolio of cricketers with the signings of England Internationals Eoin Morgan (pictured above) and James Anderson.

Australian Michael Clarke was appointed captain of the Test and ODI teams.

Matt Prior was one of three Slazenger players to represent England in the Ashes victory over Australia.

Financial Review

Total Group revenue increased by 10.2%.

Retail revenue increased by 11.9%. The UK accounted for 90.6% of total retail revenues with the balance in continental European stores.

Retail margins in the UK increased from 41.3% to 41.9%.

Our representation in both parts of Ireland is covered by Heatons, in which we have a 50.0% interest, the results of which continue to be reported as an associate.

Brands revenue decreased by 1.5%. Licensing income increased by 10.8%, with a decrease in wholesale revenue of 3.2%.

Brands margins increased from 38.9% to 41.4%.

Selling, distribution and administration costs

Selling, distribution and administration costs for the Group decreased as a percentage of revenue. This was as a result of cost and efficiency savings offsetting inflation.

Foreign exchange

The Group manages the impact of currency movements through the use of forward fixed rate currency purchase and sales contracts. The Company's policy has been to hold or hedge up to four years (with generally a minimum of one year) of anticipated purchases in foreign currency.

The exchange gain of £0.3m (2010: £39.8 loss) included in administration costs have arisen from:

a) accepting Dollars and Euros at the contracted rate; and

b) the translation of Dollars and Euro denominated assets and liabilities at the period end rate or date of realisation.

The exchange loss of £1.6m (2010: £37.7m gain) included in finance income substantially represents the reduction in the mark-to-market provision made (under IFRS) for the forward contracts at 25 April 2010. A number of the forward contracts outstanding at 24 April 2011 qualify for hedge accounting and the fair value loss on these contracts of £4.8m has been debited to equity through the Consolidated Statement of Comprehensive Income. The Group has sufficient US Dollar contracts to cover all purchases in UK Retail for the 2012 financial year. These hedged contracts are at an average rate of 1.617.

The Sterling exchange rate with the US dollar was $1.538 at 25 April 2010 and $1.650 at 24 April 2011.

Exceptional items

	For the financial year ended:	
	24 April 2011 (£'m)	25 April 2010 (£'m)
Profit on disposal of intangible assets	(0.9)	-
Provision for legal costs relating to regulatory enquiries	-	7.8
Provision for the cost of legal disputes	3.1	2.2
	2.2	**10.0**

Finance income

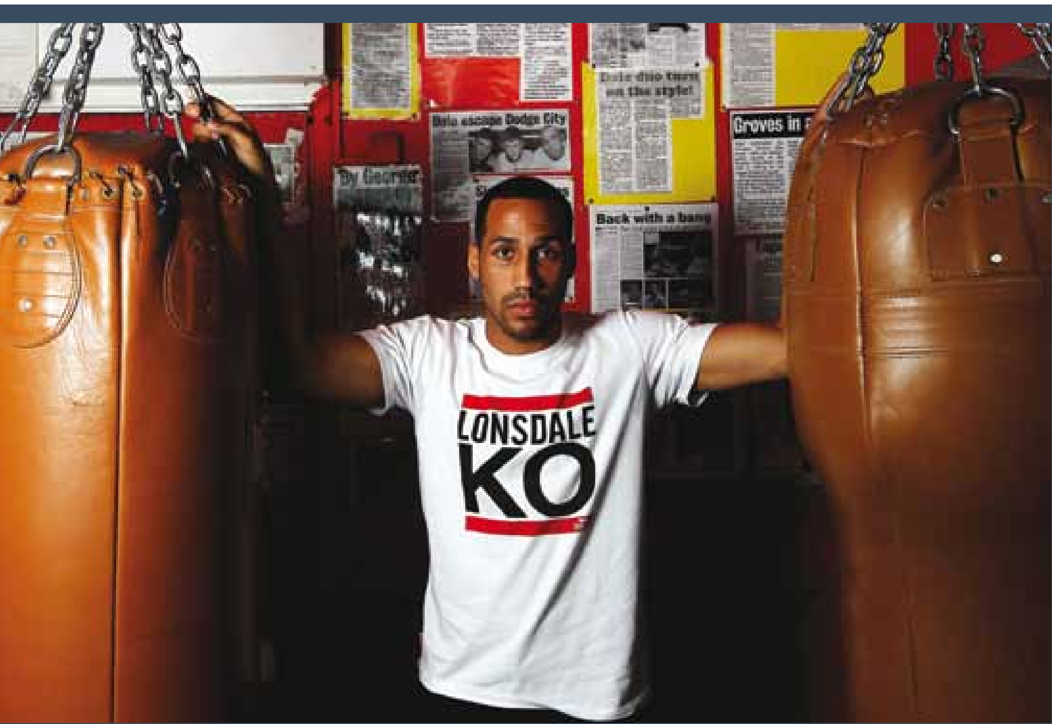
	For the financial year ended:	
	24 April 2011 (£'m)	25 April 2010 (£'m)
Bank interest receivable	0.4	0.5
Other interest receivable	-	0.3
Expected return on pension plan assets	2.2	1.6
Fair value adjustment to forward foreign exchange contracts	-	37.7
	2.6	**40.1**

The profit on the fair valuing of forward foreign exchange contracts arises under IFRS as a result of marking to market at the period end those contracts held to hedge the Group's currency risk.

Finance costs

	For the financial year ended:	
	24 April 2011 (£'m)	25 April 2010 (£'m)
Interest on bank loans and overdrafts	(4.3)	(8.0)
Interest on other loans	(0.4)	(0.2)
Interest on retirement benefit obligations	(2.6)	(2.3)
Fair value adjustment to forward foreign exchange contracts	(1.6)	-
	(8.9)	**(10.5)**

The fall in interest payable is a result of the reduction in interest rates and borrowings during the Year.



During the Year, Carl Froch (pictured left) became WBC Super Middleweight champion and James DeGale (top left) became British Super Middleweight champion.

Lonsdale continues to sponsor the popular 'Prizefighter' series shown exclusively on Sky Sports.

Financial Review

Taxation

The effective tax rate on profit before tax for 2011 was 29.9% (2010: 25.3%). This prior year rate reflects depreciation on non-qualifying assets and the non-relievable losses in certain overseas subsidiaries.

Excluding the impact of non-recurring items, the effective rate of taxation for the year would be 31.0% (2010: 31.4%).

Earnings

	For the financial year ended:		
	24 April 2011 Pence per share	25 April 2010 Pence per share	Change %
Reported EPS (Basic)	14.80	15.73	-5.9
Underlying EPS	16.83	12.39	+35.9
Weighted average number of shares (actual)	568,552,000	568,455,000	

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the actual financial period.

The underlying EPS reflects the underlying performance of the business compared with the prior year and is calculated using the weighted average number of shares. It is not a recognised profit measure under IFRS and may not be directly comparable with "adjusted" profit measures used by other companies.

The items adjusted for arriving at the underlying profit after tax is as follows:

	For the financial year ended:	
	24 April 2011 (£'m)	25 April 2010 (£'m)
Profit after tax	84.2	89.4
Post tax effect of exceptional items:		
Other investment income	8.4	(24.1)
Cost relating to regulatory enquiries	-	5.6
Excess of fair value of assets acquired over consideration	-	(2.8)
Legal dispute	2.2	1.6
Fair value adjustment to forward foreign exchange contracts	1.2	(27.1)
Realised profit/loss on forward foreign exchange contracts	(0.3)	28.6
Profit on sale of intangible assets	(0.6)	-
Fair value adjustment within associated undertakings	0.6	(0.8)
Underlying profit after tax	**95.7**	**70.4**

Dividends

The Board has determined not to pay a dividend at this point; it will keep the payment of dividends under review.

Capital expenditure

Capital expenditure amounted to £22.0m (2010: £19.4m) and includes expenditure on licenses, which is included in intangible assets.

Acquisitions

The Group spent nil on acquisitions during the Year.

Strategic investments

During the Year the Group held investments in Blacks Leisure Group plc and JD Sports Fashion plc. Changes in the value of these shares are recognised directly in equity in accordance with IFRS.

	24 April 2011 (£'m)
Total available-for-sale investments at 25 April 2010	51.6
Revaluation through equity	1.5
Total available-for-sale investments at 25 April 2010	**53.1**

We have previously reported that some of our strategic stakes were held by Kaupthing Singer & Friedlander (KSF) and partly financed by them. On 8 October 2008, KSF went into administration and we were in dispute with the administrators concerning the ownership of the shares they held. In the 2009 financial statements we concluded that we may not directly "control" the shares for accounting purposes and therefore treated them as having been derecognised. This derecognition resulted in the transfer of historic losses, previously recognised in the statement of comprehensive income, of £53,156,000 into the income statement in the year ended 26 April 2009.

On 21 February 2010 the Company entered into an agreement with the Administrator of KSF to acquire any rights which may be determined that they hold.

On 13 May 2010 the judgment of the court proceedings which commenced on 26 April 2010 was handed down. The court determined that the Group had acquired beneficial interest in 12,153,071 ordinary shares in Blacks Leisure and 5,775,255 in JD Sports on 8 October 2008. This acquisition was reflected in the 2010 financial statements. The judgement also resulted in the Group regaining control of the shares.

Slazenger's sponsorship of Wimbledon is currently the longest running in sport, since 1902.

2011 marked Wimbledon's 125th Anniversary with Slazenger producing a limited edition ball to celebrate.

Financial Review

The administrator of KSF appealed the decision. SDI's ownership of the shares was no longer in dispute, but were KSF to be successful in an appeal then SDI would be required to pay an amount of c£14.7m, which was held in escrow and included in other debtors.

The Group submitted a claim to the administrators for the shares that are claimed to be owned by the Group in Amer Sports plc, Blacks Leisure Group plc and JD Sports plc, but were not in KSF possession. The Group also submitted a claim for the dividends on these shares and Group funds held by KSF. Accordingly, a receivable of £6.3m was recognised.

On 18 October 2010 the Company received a distribution from the administrator of £3.2m, leaving a debtor due from the administrator of £3.1m.

On 2 March 2011 the Company entered into a settlement deed with the administrator. As part of the settlement deed the Company received £5.6m in full and final settlement of the amount held in escrow of £14.7m and the remaining claim in the administration of £3.1m. In effect the shortfall between the value of the debtors and the amount received is an increase in the consideration paid to acquire the shares on 21 February 2010.

The difference between the amount paid on 21 February 2010 and the market value on that date was originally credited to the income statement in line with IAS 39. Therefore the loss on settlement of £12.2m in the current year has been debited to the income statement.

The respective shareholdings at 24 April 2011 and 25 April 2010 were as follows:

	At 24 April 2011		25 April 2010	
	Shares 'm	**Holding**	Shares 'm	Holding
Blacks Leisure Group	12.153	14.50%	12.153	28.50%
JD Sports Fashion	5.775	11.87%	5.775	11.97%

On 24 May 2010, Blacks Leisure issued 39,281,011 new ordinary shares as part of a fundraising in which the Group did not participate. As a result, the Group's interest in 12.153m shares now represents 14.5% of Blacks' share capital.

Cash flow and net debt

Net debt decreased by £163.0m from £311.9m at 25 April 2010 to £148.9m at 24 April 2011.

The analysis of debt at 24 April 2011 was as follows:

	At 24 April 2011 (£'m)	At 25 April 2010 (£'m)
Cash and cash equivalents	60.5	25.1
Borrowings	(209.4)	(337.0)
Net Debt	**(148.9)**	**(311.9)**

The Group continues to operate comfortably within its banking facilities and covenants. Our facilities are in place until March 2014.

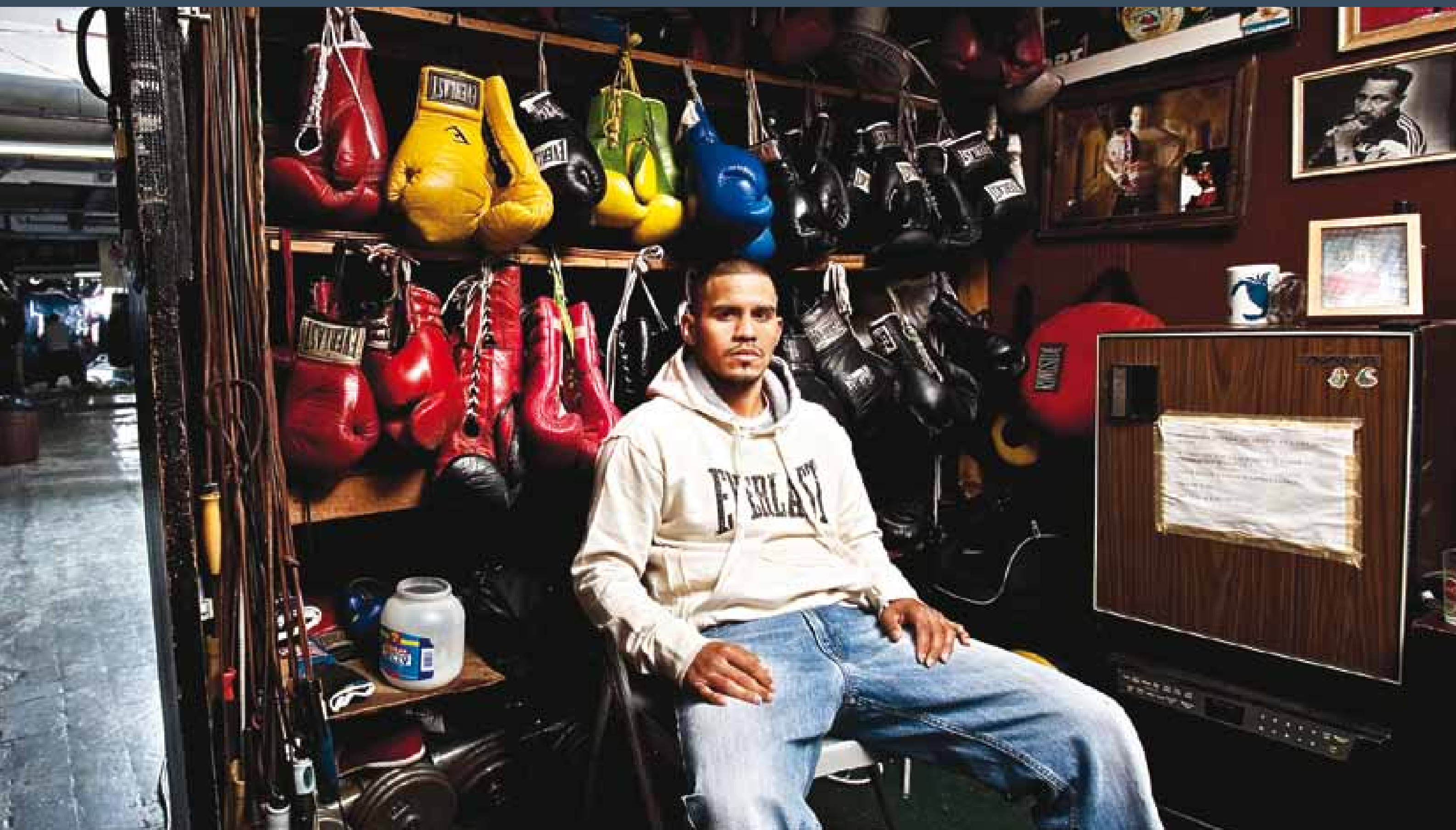
Cash flow

Total movement is as follows:

	At 24 April 2011 (£'m)	At 25 April 2010 (£'m)
Underlying EBITDA	200.4	160.4
Realised (loss)/profit on forward foreign exchange contracts	0.3	(39.8)
Taxes paid	(27.3)	(34.7)
Free cash flow	173.4	85.9
Invested in:-		
Working capital and other	14.3	80.5
Acquisitions (including debt)	-	(3.3)
Net purchase of investments	-	(8.3)
Net capital expenditure	(21.0)	(18.8)
Equity dividend paid	-	(6.9)
Finance costs and other financing activities	(4.7)	(9.7)
Decrease in net debt	**163.0**	**119.4**

During the Year, Everlast won the prestigious Best Technical Brand of the Year award at the World Mixed Martial Arts Awards.

The brand was also prominently featured in the blockbuster movie 'The Fighter'.



Financial Review

Reconciliation of movement in equity

Total equity movement is as follows:

	24 April 2011 (£'m)
Total equity at 25 April 2010	259.7
Profit after tax for the 52 weeks ended 24 April 2011	84.2
Share based payment	10.6
Items taken directly to equity:	
Exchange differences on translation of foreign operations	(7.7)
Exchange differences on hedged contracts - recognised in the period	(4.8)
Exchange differences on hedged contracts - reclassification in the period	(13.1)
Actuarial loss on pension	2.1
Fair value adjustment in respect of available-for-sale financial assets	1.5
Tax on items taken directly to equity	4.3
Movement in equity issues:	
Movement in non-controlling interests	(1.0)
Total equity at 24 April 2011	**335.8**

Pensions

The Group operates a number of closed defined benefit schemes in the Dunlop Slazenger companies. The net deficit in these schemes decreased from £19.7m at 25 April 2010 to £16.2m at 24 April 2011.

Bob Mellors
Finance Director

14 July 2011

DUNLOP COLLECTION

During the Year, Dunlop clothing endorsee Lee Westwood (pictured left) became the world's number one Golfer and was part of the winning European Ryder Cup team.

Darren Clarke (above) won his first ever major tournament at The Open Championship and David Howell continued to shine in major tournaments, also wearing Dunlop clothing.

The Board

Dr Keith Hellawell QPM
Non-Executive Chairman (aged 69)

Dr Hellawell was appointed to the Board on 24 November 2009 and is also Chairman of the Nomination Committee and a member of the Remuneration Committee.

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

He has been involved in the private sector since 1998 when he joined Evans of Leeds, a fully listed property company. Since then he has served on the boards of both Dalkia plc and Sterience Limited, subsidiaries of the French company Veolina Env. Dr Hellawell is currently a Non-Executive Director of Mortice plc, a Singapore based facilities management company and a Director of Huddersfield Giants Super-League team. He was Non-Executive Chairman of Goldshield Group plc, a marketing led pharmaceutical and consumer health company, from May 2006 to its sale in December 2009. He has held a number of other Non-Executive board positions in private companies including vehicle manufacturing and IT. He runs his own management and training consultancy company.

Michael Ashley
Executive Deputy Chairman (aged 46)

Mike Ashley established the business of the Group on leaving school in 1982 and was the sole owner of the business until the Company's listing in March 2007. Mike is the Executive Deputy Chairman and is responsible for formulating the vision and strategy of the Company.

David Forsey
Chief Executive (aged 45)

Dave Forsey has been with the business for over 26 years, during which time he has acquired significant knowledge and experience. He is Chief Executive and has overall responsibility for the business.

Robert Mellors
Group Finance Director (aged 61)

Bob Mellors has been the Group's Finance Director since 2004. A graduate in Economics, he qualified with PricewaterhouseCoopers in London before joining Eacott Worrall, where Sports Direct became a client in 1982. He was managing partner and head of corporate finance at Eacott Worrall before joining the business.

Simon Bentley
Senior Independent Non-Executive Director (aged 56)

Simon Bentley was appointed to the Board on 2 March 2007 and was Acting Chairman from 31 May 2007 to 23 November 2009. He is also Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. Simon qualified as a Chartered Accountant in 1980 and in 1987 joined Blacks Leisure Group plc where he was Chairman and Chief Executive for 12 years until 2002. Simon chairs and is on the board of a range of companies and organisations. Among these, he is Chairman of the Swiss Domino's Pizza franchisee, Global Brands SA, and is Chairman of the country's premier leadership in management organisation, The Leadership Trust. He is Chairman of the hair brand Umberto Giannini and is the principal owner and Chairman of the leading mobile ATM operator, Cash on the Move. He has lengthy experience of the sporting goods industry and is a Director of the country's leading running retailer, Brasher Leisure.

David Singleton
Non-Executive Director (aged 60)

Dave Singleton joined the Board on 25 October 2007. Dave spent 25 years with Reebok International Limited. He stepped down in April 2007 having helped to successfully integrate Reebok following its acquisition by adidas Group in January 2006. For eight years he was Vice President Northern Europe Region & UK and since 2003 was Senior Vice President Europe, Middle East & Africa. Dave has an extensive Senior Management record and brings valuable experience of international sports brand operations. He is Chairman of the Board's Remuneration Committee and a member of the Audit and Nomination Committees. He is also a Chairman of Bolton Lads & Girls Club, Chairman of Bolton Community Trust and a Trustee at Bolton Wanderers Community Trust.

Charles McCreevy
Non-Executive Director (aged 61)

Charlie McCreevy was appointed to the Board on 31 March 2011. Charlie currently holds a Non-Executive Director position at Ryanair Holdings plc and WorldSpreads Group plc. Prior to this he was a highly experienced politician who previously served as EU Commissioner for Internal Markets and Services (2004-2010) and has held positions in several Irish Government Ministerial Offices, including Minister for Finance (1997-2004), Minister for Tourism & Trade (1993-1994) and Minister for Social Welfare (1992-1993). He is also a member of the Audit, Nomination and Remuneration Committees.

Claire Jenkins
Non-Executive Director (aged 47)

Claire Jenkins was appointed to the Board on 25 May 2011. Claire is Group Director Corporate Affairs and a member of the Executive Leadership Team at Rexam PLC, the leading global consumer packaging company. Prior to joining Rexam (in May 2010), she sat on the Management Committee of international tobacco company Gallaher Group Plc (acquired by Japan Tobacco in 2007) where she was responsible for investor relations and group planning. She has also gained corporate experience in various consulting roles and at Laing & Cruickshank. She is a trustee of Amicus. Claire is a member of the Audit Committee.

Directors' Report

The Directors of Sports Direct International plc present their Annual Report to shareholders, together with the audited consolidated financial statements for the Company and its subsidiaries (the Group) for the 52 weeks ended 24 April 2011 (the Year).

This document contains a number of forward-looking statements relating to the Company and its subsidiaries with respect to, amongst others, the following: financial conditions; results of operations; economic conditions in which the Group operates; the business of the Group; and future benefits of the current management plans and objectives. The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Group to differ materially from the information presented in the relevant forward-looking statement. When used in this document the words "estimate", "project", "intend", "aim", "believe", "expect", "should", and similar expressions, as they relate to the Group and the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on the forward-looking statements which speak only as at the date of this document. Neither the Directors nor any member of the Group undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the Listing Rules, and other regulations.

Principal activities

The principal activities of the Group during the Year were:

- Retailing of sports and leisure clothing, footwear and equipment;
- Wholesale distribution and sale of sports and leisure clothing, footwear and equipment under Group owned or licensed brands; and
- Licensing of Group brands.

Further information on the Group's principal activities is set out in the front of this document and in the Chief Executive's Report and Business Review on pages 8 to 22.

Results for the Year

Revenue for the 52 weeks ended 24 April 2011 was £1,599.2m and profit before tax was £118.8m compared with £1,451.6m and £119.5m in the prior year. The trading results for the Year and the Group's financial position as at the end of the Year are shown in the attached Financial Statements, and discussed further in the Chief Executive's Report and Business Review and in the Financial Review on pages 8 to 22 and 24 to 32 respectively.

Business review and future developments

The statutory Business Review required by the Companies Act 2006 (the 2006 Act) is included in the Chief Executive's Report and Business Review, and in the Corporate Responsibility Report on pages 8 to 22 and 54 to 58 respectively. A review of Group activities during the Year, together with the factors likely to affect its future development, performance and conditions, is included in the Chief Executive's Report and Business Review on pages 8 to 22. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the Financial Review on page 30. The Chief Executive's Report and Business Review also describes on pages 18 to 22 the principal risks and uncertainties that face the Group, and note 22 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital, its principal financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Details of the Group's Key Performance Indicators by reference to which the development, performance and position of the business can be measured effectively are stated in the Chief Executive's Report and Business Review on page 16. The Corporate Responsibility Report on pages 56 to 57 reports on environmental matters, including the impact of the Group's businesses on the environment, the Group's employees, and on social and community issues. All the information in these sections is deemed to be part of this report.

Dividends

The Group has agreed not to recommend a final dividend this Year.

Group structure and operations

As at the date of this report the Group had acquired an 80% shareholding in West Coast Capital (USC) Limited.

Share capital

The authorised share capital of the Company is £100,000,000 divided into 999,500,010 ordinary shares of 10p each and 499,990 redeemable preference shares of 10p each.

The ordinary shares have all the rights that usually attach to such ordinary shares, including the right to receive dividends (if paid or declared), to receive notice and attend and vote at meetings of shareholders and (subject to what is said concerning redeemable preference shares) to receive a share of the assets of the Company on any winding up.

The redeemable preference shares do not carry any right to receive a dividend or to participate in any distribution of the profits or assets of the Company, or to vote at meetings of shareholders, but holders of redeemable preference shares have the right to receive notice and attend meetings of shareholders and on any winding up of the Company. The redeemable preference shares are redeemed at par in priority to any distribution to the holders of ordinary shares. No redeemable preference shares are in issue.

There are no specific restrictions on the transfer of shares which are governed by the provisions of the Articles of Association and prevailing legislation.

During the Year, the Group increased the issued share capital by 50,000, so that 640,552,369 ordinary shares of 10p are in issue and fully paid of which 64,000,000 are currently held in Treasury.

The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of executive and employee share schemes are set out on pages 49 and 54. No votes are cast in respect of the shares held in the Employee Benefit Trust and dividends are waived.

Powers to issue shares

At the Company's Annual General Meeting on 7 September 2010 the Director's were generally and unconditionally authorised to allot relevant securities (in the Capital of the Company) up to an aggregate nominal amount of £19,216,745 (being approximately one third of the then issued share capital) for the period expiring at the conclusion of the next Annual General Meeting of the Company.

In line with guidance from the Association of British Insurers the Company was also granted authority to issue a further third of the issued share capital to a nominal amount of £38,433,491 (being approximately 35% of the issued share capital) in connection with a rights issue.

A further authority to allot shares up to a maximum nominal value of £2,882,511 (being approximately 5% of the then issued share capital) as if statutory pre-emption rights did not apply, was also approved.

The authorities expire at the close of the next Annual General Meeting of the Company, but a contract to allot shares under these authorities may be made prior to the expiry of the authority and concluded in whole or part after the Annual General Meeting, and at that meeting similar authorities will be sought from shareholders.

The Company's power to purchase shares

At the Company's Annual General Meeting on 7 September 2010, the Company was generally and unconditionally authorised to make market purchases of ordinary shares of 10p each in the Company of up to a maximum aggregate number 57,650,236, representing 10% of the Company's issued ordinary share capital. The above authority expires at the close of the next Annual General Meeting of the Company, and at that meeting a similar authority will be sought from shareholders. No shares were purchased during the Year.

Shareholders

No shareholder enjoys any special control rights, and, except as set out below, there are no restrictions in the transfer of shares or of voting rights.

Mike Ashley and the Company have entered into a Relationship Agreement, pursuant to which Mike Ashley undertook to the Company that, for so long as he is entitled to exercise, or to control the exercise of, 15% or more of the rights to vote at general meetings of the Company, he will;

- conduct all transactions and relationships with any member of the Group on arm's length terms and on a normal commercial basis and with the approval of the Non-Executive Directors;
- exercise his voting rights or other rights in support of the Company being managed in accordance with the Listing Rules and the principles of good governance set out in the UK Corporate Governance Code and not exercise any of his voting or other rights and powers to procure any amendment to the Articles of Association of the Company;
- other than through his interest in the Company, not have any interest in any business which sell sports apparel and equipment subject to certain rights, after notification to the Company, to acquire any such interest of less than 20% of the business concerned, and certain other limited exceptions, without receiving the prior approval of the Non-Executive Directors; and not solicit for employment or employ any senior employee of the Company.

Directors' Report

As at 14 July 2011, the Company has been advised that the following parties had a significant direct or indirect share holding in the shares of the Company:

	Number of shares held	Percentage of issued ordinary share capital with voting rights held	Nature of holding
MASH Holdings Limited	410,400,000	71.18%	Direct
Schroders PLC	34,071,714	5.9%	Direct
Norges Bank	17,288,932	2.99%	Direct

MASH Holdings Limited is wholly owned by Mike Ashley.

Suppliers

It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individually negotiated contracts) and for payment to be made in accordance with these terms, provided the supplier has complied with its obligations.

Trade creditors of the Group's UK operations as at 24 April 2011 was 23 days (2010: 37 days).

Contracts essential to the business of the Company

The Chief Executive's Report sets out on page 16 information about persons with whom the Company has contractual or other arrangements which are essential or material to the business of the Group.

Takeovers

The Directors do not believe there are any significant contracts that may change in the event of a successful takeover of the Company. Details of the impact of any successful takeover of the Company on Directors' bonus and share schemes are set out in the Directors' Remuneration Report on page 49.

Employee share schemes

Details of the Executive Bonus Share Scheme is set out in the Directors' Remuneration Report on page 49, and details of the Employee Bonus Share Scheme on page 54 of the Corporate Responsibility Report.

At the next Annual General Meeting the Company intends to seek approval for amendment to these Schemes to increase the dilution limit to 15% in any 10 year period.

Employee involvement

The Group employs 18,210 employees. Those employees are fundamental to the future success of the Group. The Group communicates with its people through a wide variety of channels, including briefings held at Head Office, information transmitted through line managers and a Staff Forum at the Head Office and National Distribution Centre at Shirebrook. The Company's open management style encourages employees to develop and to contribute to the development of the business.

All UK permanent employees of the Group in UK Retail, Brands and Head Office participate in the Bonus Share Scheme. The scheme is intended to motivate and provide those employees with a direct and substantial link between Group performance and their remuneration, and encourage employee participation in the Group. The Bonus Share Scheme will operate in addition to the current workplace bonus schemes, which are directly related to specific workplace performance.

The Group has entered into an agreement with the trade union Unite in respect of collective bargaining of the pay, hours and holidays of certain groups of employees at the Group's National Distribution Centre at Shirebrook.

Further information on relationships with employees can be found in the Corporate Responsibility Report on pages 54 and 55.

Equal opportunities

The Group's policy for its employees and for all applicants for employment is to fit the abilities and aptitude of each individual to an appropriate job, irrespective of gender, race, religion or belief, sexual orientation, age, disability or ethnic origin. The Company and other Group companies will not tolerate discrimination in any form. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. The Group does all that is practicable to meet its responsibilities towards the training and employment of disabled people, and to ensure that training, career development and promotion opportunities are available to all employees. The Group makes every effort to provide continuity of employment in the same or similar job where an employee becomes disabled including offering retraining in order that the employee's employment within the Group may continue.

Research and development

The Group designs clothing and some footwear for sale in stores and has arrangements with suppliers for the research and development of goods for the Brands division.

Charitable and political donations

During the Year, the Group made charitable donations of £20,896 (2010: £4,000) to the Retail Trust in the UK and to various small charities within the USA and additional non cash items are contained in the Corporate Responsibility Report. No political donations were made (2010: nil).

Directors

Details of Directors, their dates of appointment, their roles, responsibilities, achievements and significant external commitments are set out on pages 34 to 35.

Malcolm Dalgleish retired from the Board on 7 September 2010. Charlie McCreevy joined the Board on 31 March 2011 and Claire Jenkins joined on 25 May 2011 as Non-Executive Directors. They will seek appointment by shareholders at the AGM in September 2011.

Although the Company's Articles of Association require retirement by rotation of one third of Directors each year, the Company has chosen to comply with the new UK Corporate Governance Code. In accordance with the principles of the UK Corporate Governance Code all Directors will retire and be submitted for reappointment at the Annual General Meeting in September 2011.

The Board believes that each Director standing for reappointment continues to demonstrate commitment, is an effective member of the Board, and contributes to the balance of skills, knowledge and experience identified by the Board as being required. The Board is satisfied that the Chairman is not precluded from devoting sufficient time to his duties to the Company by reason of his other commitments. The Board recommends reappointment of the Directors standing for re-election.

Information on service contracts and details of the interests of the Directors and their families in the share capital of the Company at 24 April 2011 and at the date of this report is shown in the Directors' Remuneration Report on pages 50 and 52. Copies of the service contracts of Executive Directors and of the appointment letters of the Chairman and Non-Executive Directors are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

No Director has a Directorship in common or other significant links with any other Director (except in the case of Executive Directors holding Directorships of subsidiary companies of the Company).

Directors' conflicts of interest

The Board has put in place procedures to deal with Directors' conflicts of interest. During the Year the Board reviewed and, where appropriate, approved certain situational conflicts of interest that were reported to it by Directors, and a register of those situational conflicts is maintained and reviewed. Also during the Year the Board noted any transactional conflicts of interest concerning Directors that arose and were declared. No Director took part in the discussion or determination of any matter in respect of which he had disclosed a transactional conflict of interest.

Deeds of indemnity

The Company has entered into deeds of indemnity for the benefit of each Director of the Company and for the benefit of each person who was a Director during the Year, in respect of liabilities to which they may become liable in their capacity as Director of the Company and of any company in the Group. These indemnities are qualifying third party indemnity provisions within the meaning given to that term by Sections 234 and 235 of the 2006 Act, and all these indemnities remain in force.

Annual General Meeting

The Annual General Meeting of the Company will be held on 7 September 2011 at Unit D, Brook Park East, Shirebrook, NG20 8RY. The Board encourages shareholders to attend and participate in the meeting.

Going concern

As highlighted in note 23 to the Financial Statements and in the Financial Review on page 30, the Group finances its day to day working capital requirements and has made investments and conducted a share buy-back programme in the past, using a previous facility with the Bank of Scotland and an on-going facility with a syndicate of banks led by HSBC. The current economic conditions however, create some uncertainty in the economy and particularly in respect of the exchange rate between Sterling and the US dollar which impacts on the cost of the Group's products manufactured in the Far East and the availability of bank finance in the foreseeable future.

Directors' Report

The Group's forecast and projections, taking account of reasonable possible changes in trading performance, show that the Group should be able to operate within the level of the current facility. The Directors have thoroughly reviewed the Group's performance and position relating to historical results, current trading, forecast performance, cash reserves and financing arrangements. Additionally, the Directors have also considered the Group's reliance upon its key stakeholders including customers and suppliers and found no over reliance on any particular stakeholder. The Directors are therefore confident that the Group will continue in operational existence for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Auditors

Grant Thornton UK LLP has expressed a willingness to continue in office. In accordance with section 489 (4) of the Companies Act 2006, resolutions to reappoint Grant Thornton UK LLP as auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Disclosure of information to the Auditor

In accordance with the provisions of section S418 of the Companies Act 2006 each person who is a Director at the date of approval of this report confirms that:

- So far as each director is aware. There is no relevant audit information of which the Company's auditor is unaware.
- Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board

Rebecca Tylee-Birdsall
Company Secretary
14 July 2011

Corporate Governance Report

Chairman's introduction

I am pleased to introduce the Corporate Governance Statement which contains details of the activities of the Board and its committees and how the Group complied with the UK Corporate Governance Code 2010 for the year ended 24 April 2011.

This year a priority for the Board was to recruit further Independent Non-Executive Directors following the retirement of Malcolm Dalgleish, and we were happy to welcome Charlie McCreevy and Claire Jenkins to the Board. An induction and training programme has been developed to ensure the successful integration of the new Non-Executive Directors to the Board.

Of note during the year and which will be discussed further in this report, is the Group's continued compliance with the UK Corporate Governance Code and the completion of the annual review of the Board. The review did not highlight any areas of concern and there was positive feedback overall.

Statement of compliance with the UK Corporate Governance Code

The Board of Directors of the Company is committed to maintaining high standards of corporate governance and to managing the affairs of the Group in accordance with the provisions of the Listing Rules and of the UK Corporate Governance Code, issued by the Financial Reporting Council in June 2010 (the Code). A copy of the Code is available on the Financial Reporting Council's website at www.frc.org.uk. The Board has reviewed the Company's corporate governance processes and policies, and has concluded that during the 52 weeks ended 24 April 2011 (the Year) the Company complied with the provisions of the Code except as set out below.

The Code (code provision B.1.2) recommends that at least half of the Board of Directors of a UK listed company, excluding the Chairman, should be comprised of Non-Executive Directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Director's judgment.

Code provisions C.3.1 and D.2.1 provide that each of the Remuneration and Audit Committees of the Board should comprise of at least three independent Non-Executive Directors. The Code also provides that, in respect of the Remuneration Committee, the Company Chairman may also be a member, but not chair the Committee if he or she was considered independent on appointment as Chairman.

Code provision B.2.1 provides that the majority of the members of the Nomination Committee should be independent Non-Executive Directors

For the period of just over six months between the departure of Malcolm Dalgleish and the appointment of Charlie McCreevy and Claire Jenkins the Company was not compliant with the above codes.

The Board is currently made up of the Non-Executive Chairman, three Executive Directors and four Independent Non-Executive Directors, which has meant that the composition of the Board and its committees now complies with the Code.

Board structure

At the date of this report the Board comprised a Non-Executive Chairman Keith Hellawell, the Deputy Chairman Mike Ashley, two Executive Directors, and four Non-Executive Directors. The names and short biographies of the Non-Executive Chairman and other Directors are set out on pages 34 to 35.

The Non-Executive Chairman, Keith Hellawell and the Non-Executive Directors are considered by the Board to be independent. Charlie McCreevy and Claire Jenkins were considered on appointment to meet the independence criteria as set out in paragraph A.3.1 of the Code and continue with their existing commitments (disclosed on page 35). The Board considers that an independent Director is one who is independent in character and judgement, and where there are no circumstances that are likely to affect, or could appear to affect, his or her judgement. Relationships or circumstances that could affect judgement include having been an employee of the Company or of any Group company during the past five years, having had a material business relationship or having been a partner, shareholder, Director or senior employee of a body with a material business relationship with the Company or any Group company in the past three years, receiving remuneration from the Company other than Directors' fees, participating in any share option or bonus schemes or in a Company pension scheme, having had close family ties with any of the Company's advisors, Directors or senior employees, having cross Directorships or significant links with any other Director, representing a significant shareholder, or serving on the Board for more than nine years. Claire Jenkins had been a consultant for the Company on an ad hoc basis for approximately fifteen days each year between 2007 and 2010, notwithstanding this involvement the Board still believes that she is independent in character and judgement.

Simon Bentley is the Senior Independent Non-Executive Director and is available to shareholders if they have concerns which have failed to be resolved through the normal channels of Chairman, Executive Deputy Chairman, Chief Executive, or Group Finance Director, or for which such channels are inappropriate.

Corporate Governance Report

The Company has entered into a Relationship Agreement with Mike Ashley, the Executive Deputy Chairman, whose wholly owned company, MASH Holdings Limited currently holds approximately 71.18% of the issued share capital of the Company (excluding treasury shares). This agreement is described in the Directors' Report on page 37.

Given the structure of the Board, the fact that the Chairman and Chief Executive roles are fulfilled by two separate individuals and the terms of the Relationship Agreement with Mike Ashley, the Board believes that no individual or small group of individuals can dominate the Board's decision making.

The Board has established a Nomination Committee to ensure a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The composition of that Committee and a description of its terms of reference are set out on page 46.

The Company has in the past used recruitment consultants to search for a Chairman and for additional independent Non-Executive Directors and the Nomination Committee has approved job descriptions for those roles.

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

Details of Executive Directors' service contracts and of the Chairman's and the Non-Executive Directors' appointment letters are given on page 50. Copies of service contracts and of appointment letters are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

Executive Directors normally retire on reaching the age determined by the Board from time to time as the retirement age for Executive Directors.

Non-Executive Directors are appointed for an initial term of three years from the Annual General Meeting following their joining of the Board, and, subject to performance, there is an expectation of reappointment for a further period of three years. Exceptionally a Non-Executive Director may be invited to serve for a further and final three year term. Non-Executive Directors' fees are determined by the Board in the absence of the Non-Executive Directors other than the Chairman.

All Directors appointed by the Board are appointed after consideration of the recommendations of the Nomination Committee, and those so appointed must stand for reappointment at the following Annual General Meeting. The Board have determined that all Directors must put themselves forward for election or re-election at the 2011 AGM to comply with the UK Corporate Governance Code. Retiring Directors may seek reappointment if willing and eligible to do so and if so recommended by the Nomination Committee.

The Chairman will, when proposing the reappointment of a Director, confirm that following formal performance evaluation, the Director's performance continues to be effective and he or she continues to demonstrate commitment to the role.

Evaluation of the Board and Committees

The Board has adopted a formal process for the performance evaluation of the Board, its Committees and individual Directors. Every year each Director has an opportunity to express his or her views on the organisation and operation of the Board and its Committees, their effectiveness and contribution to the business, and on any other matter they consider relevant.

This year, the evaluation process was undertaken internally by the Chairman through completion of a confidential questionnaire and reports on the findings were presented to the Board. Through attendance at Board and Committee meetings as well as in private meetings, the Chairman continually evaluates the performance of the Directors and his findings in these circumstances are included in the evaluation process. Likewise the Senior Independent Director undertook a similar process, including a separate meeting of the Non-Executive Directors, to evaluate the performance of the Chairman.

The annual evaluation process did not highlight any areas of concern and the Directors are satisfied the Board and its Committees are operating effectively. It has been concluded that each Director continues to discharge his duties and contribute effectively to the running of the business.

The Board will engage the use of independent external consultants to evaluate Board performance every three years from 2011.

The Board and the Nomination Committee will consider the output from the evaluation programme in their evaluation of the skills, knowledge and experience of the Board, and in formulating development plans.

The Board provides corporate governance training for those Directors appointed to the Board for whom it is their first appointment to a listed company board, and provides a tailored induction programme for all Directors on appointment. The induction programme involves business presentations from Senior Management, site visits and receipt of information about the operating procedures of the Group. In addition the Board is made aware of material changes to laws and regulations affecting the Group's business from time to time. All Directors have access to the advice and services of the Company Secretary, and each Director and each Board committee may take independent professional advice at the Company's expense, subject to prior notification to the other Non-Executive Directors and the Company Secretary. The Company maintains appropriate directors and officers insurance.

The division of responsibilities between the Non-Executive Chairman, the Executive Deputy Chairman and the Chief Executive is in writing and has been agreed by the Board. The Chairman is responsible for leadership of the Board, for ensuring its effectiveness, and for ensuring that all Directors are able to play a full part in the activities of the Company. He ensures effective communication with shareholders, and that the Board has an understanding of the views of major investors. The Chairman is available to provide advice and support to members of the Executive team.

The Executive Deputy Chairman is an ambassador for the Company, and takes the lead in the strategic development of the Company, formulating the vision and strategy in conjunction with the Chief Executive. The Chief Executive is responsible for leading the management team, the running of the Group's business, for the delivery of the strategy approved by the Board, and for implementing specific decisions made by the Board. The Chief Executive reports to each Board meeting on all material matters affecting the Group's performance. No one individual has unfettered power of decision.

Meetings

The Board currently plans to meet on a formal pre-planned basis six times during each year with up to four additional strategy meetings at convenient times throughout the year when broader issues concerning the strategic future of the Company will be discussed. The Board will meet on other occasions as and when the business demands. During the Year the Board met on eight occasions.

The Board is collectively responsible for the success of the Company, and has a programme to enable it to discharge its responsibility of providing effective and entrepreneurial leadership to the Company within a framework of prudent and effective controls. A detailed agenda is established for each meeting, and appropriate documentation is provided to Directors in advance of the meeting. Regular Board meetings provide an agenda that will include reports from the Chief Executive, the Group Finance Director, reports on the performance of the business and current trading, reports on meetings with investors, reports from Committees of the Board and specific proposals where the approval of the Board is sought. The Board will monitor and question monthly performance and review anticipated results.

Presentations are also given on business or strategic issues where appropriate, and the Board will consider at least annually the strategy for the Group. Minutes of the meetings of committees of the Board are circulated to all members of the Board, unless a conflict of interest arises, to enable all Directors to have oversight of those matters delegated to committees, and copies of analysts' reports and brokers' notes are provided to Directors.

Attendance by Directors at Board and Committee meetings during the Year and the total number of meetings that they could have attended are set out in the table below. All Directors attended all meetings of the Board and of Committees of the Board of which they were members unless prevented from doing so by prior commitments.

	Board Meetings	Audit Commitee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Keith Hellawell	8/8	3/3	4/4	2/2
Mike Ashley	7/8	-	-	-
Simon Bentley	7/8	3/3	4/4	2/2
Malcolm Dalgleish	1/1	1/1	1/1	1/1
Dave Forsey	8/8	-	-	-
Charlie McCreevy	1/1	1/1	-	-
Bob Mellors	8/8	-	-	-
Dave Singleton	8/8	3/3	4/4	2/2
Claire Jenkins (joined after year end)				

The Board believes that the appointment of Executive Directors to be Non-Executive Directors of other listed companies benefits the Group, through the additional experience and knowledge gained by such an appointment, and accordingly, Executive Directors are permitted to accept one such appointment where no conflict of interest arises, and to retain the fees received. Currently none of the Executive Directors holds such an appointment.

All Non-Executive Directors disclose to the Board prior to appointment their significant other commitments and they are required to notify and have notified any changes to or additional commitments from time to time. Simon Bentley is Chairman of Global Brands SA, The Leadership Trust, Umberto Gianni, principle owner and Chairman of the Cash on the Move and a Director of Brasher Leisure. Dr Hellawell is currently Non-Executive Director of Mortice Plc, a Singapore based facilities management company. Charlie McCreevy is a Non-Executive Director of Ryanair Holdings plc and WorldSpreads Group plc. Claire Jenkins is Group Director Corporate Affairs at Rexam PLC, and a trustee of Amicus. The Board is satisfied that Dr Hellawell, Simon Bentley, Charlie McCreevy and Claire Jenkins meet their obligations to the Company. All Non-Executive Directors are available to meet with major investors.

Corporate Governance Report

Role of the Board

The Board sets the Group's goals and ensures the required financial and human resources are in place to achieve these goals. It is accountable to shareholders for delivering long term shareholder value and does this through a framework of controls and robust procedures which allows risk to be monitored and managed effectively.

The Board has a formal schedule of matters reserved for decision by it. Matters so reserved include the approval of the strategic plan and long-term objectives of the Group, the annual budget and the allocation of resources to achieve that budget, decisions relating to unbudgeted expenditure over certain limits, significant acquisitions, disposals and joint ventures, other material contracts, changes to the corporate structure of the Group, the appointment and removal of the Company Secretary, approval of accounting policies and practices and approval of the Annual Report. The Board delegates management of the businesses of the Group to the Executive Management, and delegates specific responsibilities to Board Committees.

In turn the Executive Management delegate to the Senior Management team who have responsibility for the warehousing, merchandising, stock levels, staffing and licence management, being only part of their responsibilities.

Relations with shareholders

The Board recognise the importance of communicating with its shareholders, it does this through the Annual Report and financial statements, interim statements and trading updates. All Directors are available at the Annual General Meeting where shareholders can ask questions.

The Chairman, Chief Executive and Finance Director regularly meet with the Company's institutional shareholders to discuss the Group's strategy and financial performance within the constraints of information already available to the public. The Senior Independent Non-Executive Director is also available to meet with shareholders.

The Board will consult with institutional investors on specific topics, for example in 2010 the Board consulted them regarding the provision of the Executive and Employee Share Schemes.

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

Board Committees

There are three principal Board Committees, all of which have written terms of reference. Summaries of the terms of reference and details of the membership of committees are set out below. Copies of the terms of reference are available from the Company Secretary and on the Company's website. Only members of each Committee are entitled to attend the meetings of committees, although each Committee may invite other Directors, managers and advisors to attend and have done so. Membership of Board Committees will be regularly reviewed. The Board is satisfied that currently no one Director exercises a disproportionate influence.

Audit Committee

Attendance at meetings of Committees is set out on the previous page.

Directors who served on the Committee during the Year were:

Simon Bentley	(Chairman)
Malcolm Dalgleish	to 7 September 2010
Keith Hellawell	to 14 July 2011
Dave Singleton	
Charlie McCreevy	from 31 March 2011
Claire Jenkins joined the Committee on 25 May 2011	

The Chairman of the Audit Committee is a Chartered Accountant, and has recent and relevant financial experience.

The Committee met on three occasions during the Year.

The Committee's programme is pre-planned to ensure that each aspect of its responsibilities is discharged as part of an annual cycle during the Company's financial year. The main responsibilities of the Audit Committee are:

- Assisting the Board with the discharge of its responsibilities in relation to internal and external audits and controls.
- Monitoring the financial reporting process and the integrity and clarity of the Group's financial statements, including making recommendations on judgements they contain and the financial reporting process.
- Agreeing the scope of the annual audit and the annual audit plan and monitoring the same.
- Reviewing and monitoring the independence of the external auditors and relationships with them and in particular agreeing and monitoring the extent of the non-audit work that may be undertaken by external auditors.

- Reviewing and monitoring the effectiveness of the internal control and risk management policies and systems in place within the Group and ensuring that appropriate arrangements are in place under which employees can raise concerns about possible financial or other impropriety which are then appropriately investigated.

During the Year the Committee considered the matters that fell within its area of responsibility above and in particular the arrangements for monitoring the effectiveness of internal controls, and also considered the current economic climate and its likely impact on the Group.

The Audit Committee will normally meet not less than three times a year.

The external auditors attend meetings of the Committee, other than when their appointment is being reviewed. The Group Finance Director also attends as appropriate. The Committee will meet with the auditors in the absence of Executive management at least twice a year and the Chairman of the Audit Committee meets with the auditors as and when it is needed.

The external auditors are required to rotate audit partners for the Group audit every five years and the current lead partner has been in place for two years.

The Audit Committee considers annually the reappointment of the auditors and their remuneration, and makes recommendations to the Board, and the auditors are appointed each year at the Annual General Meeting. The Committee will consider the level of service provided by the auditors and their independence annually.

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

The policy identified three categories of potential work. Firstly, those tasks that the auditors may not provide, as to do so would represent a real threat to independence. That work includes the preparation of accounting entries or financial statements, IT systems design and implementation, management of projects and tax planning where the outcome would have a material impact on the financial statements or where the outcome is dependent upon accounting treatment.

Secondly, types of work that the auditors may undertake with the consent of the Chairman of the Audit Committee. Included in this category are certain corporate finance services, acquisition due diligence, management consultancy and secondment of staff other than for the preparation of accounting entries or financial statements.

Thirdly, there are services that the auditors may provide as the work is clearly audit related and there is no potential threat to independence, including regulatory reporting and acting as reporting accountants. The Company is satisfied that its policy falls within the requirements of the Auditing Practices Board.

Every engagement of the auditors for non-audit work is to be reported to the next meeting of the Committee. The UK Corporate Governance Code recommends that the Audit Committee is made up of at least three Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement.

The Audit Committee currently consists of four independent Non-Executive Directors.

Remuneration Committee

Directors who served on the Committee during the Year were:

Dave Singleton	(Chairman)
Simon Bentley	
Malcolm Dalgleish	to 7 September 2010
Keith Hellawell	
Charlie McCreevy	from 31 March 2011

The main responsibilities of the Remuneration Committee are to:

- Determine the Company's policy on executive remuneration, including the design of bonus schemes and targets and payments made thereunder.
- Determine the levels of remuneration for the Chairman and each of the Executive Directors.
- Monitor the remuneration of Senior Management and make recommendations in respect thereof.
- Agree any compensation for loss of office of any Executive Director.

The Committee met on four occasions during the Year. During the Year the Committee reviewed Directors' and Senior Manager's remuneration arrangements, and considered bonus schemes, in particular the Bonus Share Scheme and the Executive Bonus Share Scheme.

Corporate Governance Report

The Committee considered Directors' salaries and determined not to increase them. The Committee decided whether any payments were due to Executive Directors under the 2007-08 Annual Bonus Scheme, and decided not to operate an Annual Bonus Scheme for Executive Directors for 2011-12 due to the participation in the Executive Bonus Share Scheme.

The Committee also confirmed the termination of the Performance Share Plan due to the approval of the Executive Bonus Share Scheme at the 2010 AGM.

A report on the remuneration of Directors appears on pages 48 to 52. The UK Corporate Governance Code recommends that the Remuneration Committee is made up of at least three Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The Committee currently consists of three independent Non-Executive Directors and the Chairman and complies with the recommendations set out in the UK Corporate Governance Code.

Nomination Committee

Members of the Nomination Committee during the Year were:

Keith Hellawell	(Chairman)
Simon Bentley	
Malcolm Dalgleish	to 7 September 2010
Dave Singleton	
Charlie McCreevy	from 31 March 2011

The Nomination Committee will meet at least once a year and will also meet when appropriate. The Committee met on two occasions during the Year.

The main responsibilities of the Nomination Committee are to:

- Review the Board's structure.
- Review the composition and make up of the Board, including evaluating the balance of skills, knowledge and experience of the members of the Board.
- Give consideration to succession planning for Directors.
- Prepare a description of the role and capabilities required for any Board appointment.
- Make recommendations to the Board concerning the standing for reappointment of Directors.
- Identify potential candidates to be appointed as Directors, and make recommendations to the Board as the need may arise.

The Nomination Committee also determines succession plans for the Chairman and the Chief Executive, who will not be present at meetings when such matters are being discussed. Succession planning ensures that appropriate leadership resources are available to assist the Group in achieving its strategic objectives. Succession plans are reviewed by the Nomination Committee at least once a year.

At its meetings during the Year, the Committee agreed a formal process to identify new Non-Executive Directors along with the job description and time commitment required to fill the role. The Committee received regular updates from the Chairman regarding this search process. The Committee did not use open advertising or external recruitment consultants when appointing either Mr McCreevy or Ms Jenkins. It utilised industry and professional contacts to identify suitable candidates and consulted with major institutional shareholders regarding the appointment of Mr McCreevy. Ms Jenkins was already known to the Company as she had advised the business on an ad hoc basis relating to corporate governance and investor relations matters.

Dave Forsey, as Chief Executive, will normally attend meetings of the Nomination Committee, save where the Nomination Committee is dealing with matters relating to him or with the appointment of his successor.

The UK Corporate Governance Code recommends that a majority of the Nomination Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement.

The Nomination Committee currently consists of three Non-Executive Directors.

Share dealing code

The Company has a code of securities dealings in relation to its shares and other securities which is based on, and is at least as rigorous as, the Model Code as published in the Listing Rules. The code applies to the Directors and to other appropriate employees of the Group.

Internal controls and risk management

The Directors have overall responsibility for the Group's system of internal control and risk management and for reviewing their effectiveness. The systems of internal control and risk management are designed to manage, rather than eliminate, the risk of failing to achieve business objectives.

Such a system can, however, provide only reasonable, and not absolute, assurance against material misstatement or loss.

Members of the Board have responsibility for monitoring the conduct and operations of individual businesses within the Group and promote the development of a strong control culture within the Group. This includes the review and approval of business strategies and plans, the setting of key business performance targets and the analysis of risk.

The Executive management responsible for each business is accountable for the conduct and performance of their business within agreed strategies.

Business plans and budgets for each business include financial and strategic targets against which performance is monitored. Monitoring includes the examination of and changes to rolling annual and quarterly forecasts, monthly measurement of actual achievement against key performance targets and plans, and weekly reviews of performance.

The Group has clear procedures for the approval and control of expenditure. Strategic investment decisions involving both capital and revenue expenditure are subject to formal detailed appraisal and review according to approval levels set by the Board. Operating expenditure is controlled within each business with approval levels for such expenditure being determined by the individual businesses.

The Group has a formal whistle blowing policy for employees who wish to raise any issues or concerns relating to the Company's or Group's activities on a confidential basis.

Executive management is responsible for the identification, evaluation and management of the significant risks applicable to their areas of business and for the development of a disaster mitigation and recovery programme.

The Group operates a Retail Support Unit which provides strong operational internal audit services in the Retail division, and there are procedures in place in the Brands division to monitor and control licensees.

The Audit Committee assists the Board in fulfilling its oversight responsibilities, reviewing the reporting of financial and non-financial information to shareholders and the audit process, satisfying itself that appropriate systems of internal control and risk management are in place and are serving to identify and manage risk.

The auditors attend all meetings of the Audit Committee, save for those parts of any meeting when the Committee reviews the performance of the auditors and when the Committee is having separate discussions with the Group Finance Director.

With the exception of Heatons, the Group's only material associate, the Group's system of internal control and risk management and its effectiveness is monitored and reviewed by the Board, the Audit Committee and management, and the Board believes that the Group has maintained throughout the Year and up to the date of approval of the annual report and accounts an effective embedded system of internal control and has complied with the Turnbull guidance.

Social, environmental and ethical matters

The Group has for many years, recognised the benefits that accrue from responsible employment, environmental and community policies. Details of the Group's activities in this area are set out in the Corporate Responsibility Report on pages 54 to 58.

By Order of the Board

Rebecca Tylee-Birdsall
Company Secretary
14 July 2011

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Regulation II and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations) and of the Corporate Governance Code.

UNAUDITED INFORMATION

The Remuneration Committee

During the 52 weeks ended 24 April 2011 (the Year), the members of the Remuneration Committee (the Committee), were:

Dave Singleton	(Chairman)
Simon Bentley	
Malcolm Dalgleish	to 7 September 2010
Keith Hellawell	
Charlie McCreevy	from 31 March 2011

Simon Bentley, Dave Singleton and Charlie McCreevy are independent Non-Executive Directors, Keith Hellawell is Non-Executive Chairman.

The main responsibilities of the Committee are summarised in the Corporate Governance Report on pages 45 to 46.

Advisers

The Committee considers remuneration data from various sources and has sought advice from Charles Russell LLP in relation to the Executive Bonus Share Scheme adopted following the 2010 AGM.

Dave Forsey, the Chief Executive, Bob Mellors, the Group Finance Director, and Mike Ashley, the Executive Deputy Chairman, have also advised or materially assisted the Committee when requested.

Remuneration policy

The Committee has endorsed the provisions of Section D of the UK Corporate Governance Code, and has had those provisions in mind when determining remuneration policies for the past, current and future years. Policies and practice in respect of remuneration inevitably evolve over time and, while it is currently believed that the policies described in this report will apply in future years, they will be subject to regular review.

The Group operates in a highly competitive retail environment, and the Committee seeks to ensure that the level and form of remuneration is sufficient to attract, retain and motivate Directors and Senior Managers of the quality and talent required to run the Group successfully. In order to maintain the Group's historic focus on growth, the Committee has adopted a strongly performance based remuneration policy for Executive Directors, under which a large proportion of their remuneration will be dependent upon the Group's performance, and be paid in shares.

Accordingly, for Executive Directors other than Mike Ashley, basic salaries have been set at a level below the lower quartile for a business of the size and complexity of the Group. During the Year the performance related elements of the remuneration packages consisted of participation in the Executive Bonus Share Scheme, full details are overleaf.

Executive Directors do not participate in a company pension arrangement in respect of which the Company makes a financial contribution, and do not have the use of a company car or other similar benefits often available to Executive Directors.

If the Committee were to change its policy on basic salaries and bonus strategy, then the Committee's remuneration policy as set out above will not necessarily apply to any new appointment to the Board, or the existing Board going forward.

The Company's original Performance Share Plan was replaced by the Executive Bonus Share Scheme after approval of the AGM in 2010. All subsisting awards held under the Performance Share Plan have now lapsed.

Mike Ashley has agreed that he will not receive a salary for his role as Executive Deputy Chairman, nor does he participate in the Executive Bonus Share Scheme or the Bonus Share Scheme.

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

The Committee is at all times mindful of the Company's social, ethical and environmental responsibilities, and is satisfied that current remuneration arrangements do not inadvertently encourage irresponsible behaviour.

The Committee has reviewed the salaries, other remuneration and other employment conditions of senior and middle managers throughout the Group, and has taken them into account in considering Directors salaries and the creation of new incentive schemes in order to create a sense of common purpose and sharing of success. The Executive Bonus Share Scheme performance targets mirror those to be applied to awards under the Bonus Share Scheme which will apply to all UK permanent employees of the Group in UK Retail, Brands and Head Office on the same basis.

The Committee is mindful that any bonus arrangements are balanced against delivering sustainable growth in earnings for shareholders.

The Committee's remuneration policy in respect of the Non-Executive Directors is to pay annual fees which reflect the responsibilities and duties placed upon them, while also having regard to market practice.

Basic salary

Basic salaries are reviewed annually. There was no increase in Executive Directors' salaries in the review in 2010 and in July 2011 the Committee decided again not to alter Executive Directors' salaries. Executive Directors' salaries have now been at the same level since 2002.

Annual Bonus Scheme

The Committee has determined that no Annual Bonus Scheme will be operated for Executive Directors while the Executive Bonus Share Scheme is being operated.

Executive Bonus Share Scheme

The Executive Bonus Share Scheme was approved at the Company's Annual General Meeting in September 2010 to motivate and help improve the retention of the Executives and to drive Underlying Group EBITDA in line with Group strategy.

Subject to continued employment, each Executive and two members of Senior Management will receive one million shares each in the Company in January 2014 as the Company has attained the following targets:

- Underlying EBITDA of £195m (Net of the cost of the scheme) in 2010-2011; and
- Underlying EBITDA /Net Debt ratio of 2 or less at the end of 2010-11.

The Executive Bonus Share Scheme will operate again in 2011. Each Executive and two members of Senior Management will be granted an award of one million shares each which will vest if the Company attains all the following targets:

- Underlying EBITDA of £215m in 2012
- Underlying EBITDA of £250m in 2013
- Underlying EBITDA of £260m in 2014
- Underlying EBITDA of £300m in 2015
- Individual satisfactory employment performance

The bonus will vest in 2017 subject to continuous employment to this date. The targets and vest dates are in line with the Employee Bonus Share Scheme.

In respect of each relevant year, the Committee will adjust reported underlying Group EBITDA for the purpose of the scheme to ensure consistency in the calculation of underlying EBITDA and to ensure that underlying EBITDA is a fair comparison year by year, for example, by eliminating the impact of acquisitions where the cost of acquisitions is not reflected in underlying EBITDA.

Underlying EBITDA is as defined on page 24 and is not at constant foreign currency exchange rates.

In the event of a takeover, scheme of arrangement (other than a scheme to create a new holding company for the Company having substantially the same shareholders as the Company) or voluntary winding-up of the Company, share awards will vest in full following such an event to the extent the performance conditions have been met. If the performance conditions have not been met the awards will lapse.

Dilution of share capital by employee share plans

The Company monitors and has complied with dilution limits in relation to the Employee Bonus Share Scheme launched in 2009. In order to continue with this scheme on the broad basis previously adopted the Company will be seeking shareholder approval at the 2011 Annual General Meeting for an amendment to the Scheme rules to increase the limit from 10% in 10 years to 15%.

Pension

Executive Directors are entitled to participate in a stakeholder pension scheme under which the Company makes no contribution.

Share ownership policy

The Committee believes it to be important that Executive Directors have a significant holding in the capital of the Company.

The Executive Directors' currently each own one million shares in the Company. In order to participate in the Executive Bonus Share Scheme, the Executive Directors will be required to maintain a minimum level of shareholding in the Company equivalent to one year's salary while they remain employed by the Company.

Directors' Remuneration Report

Contracts of service

On 11 February 2007, each Executive Director entered into a new service agreement with the Company. The agreements became effective on Admission.

These contracts reflect the Committee's policy on the duration of Executive Directors service contracts and on notice periods and termination payments.

Each Executive Director's employment is on a rolling contract which is terminable by either party on 12 months' written notice. The Company may elect to terminate the employment of Dave Forsey and/or Bob Mellors by making a payment in lieu of notice equal to the basic salary that the Director would have received during the notice period or, if notice has already been given, during the remainder thereof.

The Company may elect to pay any payment in lieu of notice by monthly instalments during the outstanding notice periods, and if the Director obtains alternative employment or provides services pursuant to a consultancy agreement while such payments are being made (the Director being obliged to use his best efforts to obtain such employment), each instalment falling due after the commencement of such employment or provision of services is reduced by one twelfth of the annual remuneration or fees received by the Director in respect of that alternative employment or consultancy.

Any entitlement to benefits under any share related incentive scheme are determined in accordance with the rules of that scheme.

Each Executive Director's service contract automatically terminates on the date that the Director reaches such age as is determined by the Board from time to time as the retirement age for Executive Directors.

The Non-Executive Directors have each entered into a letter of appointment with the Company, which became effective in the case of Simon Bentley, on Admission, and in the case of Malcolm Dalgleish, Dave Singleton and Keith Hellawell on execution. Subsequently in the case of Dave Singleton and Simon Bentley due to the expiry of the initial three year appointment period, a second letter of appointment was entered into on 31 March 2011. The Board feels that a further term of three years solidifies the Non-Executive's commitment to the Company and its longer term strategic aims. It will always be subject to satisfactory performance and the UK Corporate Governance Code requirement to stand for reappointment at each Annual General meeting.

Details of the letters of appointment are set out below:

	Position	Annual fee £'000	Date of letter of appointment
Keith Hellawell	Chairman	155	24/11/2009
Simon Bentley	Non-Executive Director	50	31/03/2011
Dave Singleton	Non-Executive Director	50	31/03/2011
Charlie McCreevy	Non-Executive Director	50	31/03/2011
Claire Jenkins	Non-Executive Director	50	25/05/2011

Non-Executive Directors do not and are not entitled to participate in any bonus or share scheme.

Each of the appointments of the Non-Executive Directors may also be terminated by either party on one month's written notice and in accordance with the Articles of Association of the Company, and immediately in certain prescribed circumstances (including the bankruptcy of the Non-Executive Director).

Non-Executive Directors are subject to confidentiality undertakings without limitation in time. Non-Executive Directors are not entitled to receive any compensation on the termination of their appointment.

Non-Executive directorships

The Board recognises that Executive Directors may be invited to become Non-Executive Directors of other companies, and that the experience and knowledge gained as a result of such appointments are of benefit to the Company. Accordingly, the Board has agreed that the Executive Directors may accept one such appointment, and retain any fees payable in respect thereof, subject to there being no conflict of interest. No Executive Director currently holds any such appointment.

Service contracts

The Executive Directors' service contracts are summarised in the following table

	Contract date	Unexpired term/ notice period	Proper law
Mike Ashley	11/02/2007	12 Months	England & Wales
Dave Forsey	11/02/2007	12 Months	England & Wales
Bob Mellors	11/02/2007	12 Months	England & Wales

Performance graph

The following graph, required by the Regulations, shows the Company's total shareholder return since Admission against that of the FTSE 250 index (excluding investment trusts).

The Committee considered this an appropriate index against which to compare the Company's performance as it is widely accepted as a national measure and includes the companies that investors are likely to consider alternative investments.

Historical TSR Performance

FTSE 250 ex Investment Trusts
Sports Direct

AUDITED INFORMATION

Auditor's report

The auditors are required to report on the information contained in the following section of this report, other than in respect of Non-Executive Directors' shareholding.

Directors' remuneration 2011

The following pages set out an analysis of Directors' emoluments and annual bonus, entitlements under the Executive Bonus Share Scheme and shareholdings.

Directors' emoluments

An analysis of Directors' emoluments relating to salary and Directors fees, annual bonus and other benefits (other than entitlements under the Executive Bonus Share Scheme and in respect of pensions) for the 52 weeks to 24 April 2011 (the Year) is set out below:

	Salaries & Fees £000	Bonus £000	Other benefits £000	Total 2011 £000	Total 2010 £000
Mike Ashley	-	-	-	-	-
Simon Bentley	50	-	-	50	106
Malcom Dalgleish	23	-	-	23	50
Dave Forsey	150	-	-	150	150
Keith Hellawell	155	-	-	155	67
Bob Mellors	150	-	-	150	150
Dave Singleton	50	-	-	50	50
Charlie McCreevy	3	-	-	3	-
Claire Jenkins	-	-	-	-	-

Claire Jenkins joined the Board after year end.

The aggregate of Directors' emoluments in the Year was £581,499 (2009-10: £573,554).

Basic salary

The basic salaries of Executive Directors at the Year end and at 14 July 2011 (the latest practicable date before the printing of this report) were as shown below:

At 24 April 2011 at 14 July 2011

	At 24 April 2011	14 July 2011
Mike Ashley	-	-
Dave Forsey	£150,000	£150,000
Bob Mellors	£150,000	£150,000

Annual Bonus Scheme

The Annual Bonus Scheme was not operated for the Executive Directors during the Year due to the operation of the Executive Bonus Share Scheme.

Directors' Remuneration Report

Performance Share Plan/Executive Bonus Share Scheme

As reported last year the Executive Directors' entitlement under the Bonus Share Scheme and Performance Share Plan have lapsed following the approval of the Executive Bonus Share Scheme under which awards have been granted in the Year as set out below:

	Date of grant	As at 25 April 2010	Granted	Vested	Lapsed	As at 24 April 2011	Exercise period
Dave Forsey	16.07.08*	987,654	0	0	987,654	0	-
	13 .08.09*	674,157	0	0	674,157	0	-
	14.10.09**	127,500	0	0	127,500	0	-
	26.01.11***	0	1,000,000****	0	0	1,000,000	August 2013 – January 2021
Bob Mellors	16.07.08*	987,654	0	0	987,654	0	-
	13 .08.09*	674,157	0	0	674,157	0	-
	14.10.09**	127,500	0	0	127,500	0	-
	26.01.11***	0	1,000,000****	0	0	1,000,000	August 2013 – January 2021

* Granted under the Sports Direct Performance Share Plan

**Granted under the Sports Direct Bonus Share Scheme

***Granted under the Sports Direct Executive Bonus Share Scheme

****This grant comprises an HMRC approved option over 18,259 shares with an exercise price of 164.3 pence per share (being the market value of a share on the date of grant) and an unapproved award for the balance. A further award over 18,259 shares is also provided to enable the participant to fund the exercise price of the approved option. The awards were subject to the performance conditions referred to on page 47.

Directors' shareholdings

The beneficial interests of the Directors in office on 24 April 2011 and of their families in both cases at the beginning of the Year, or at the date of appointment if later, and at the end of the Year in the share capital of the Company are shown below:

	Ordinary Shares 25 April 2010	Ordinary Shares 24 April 2011
Mike Ashley	410,400,000	410,400,000
Simon Bentley	50,000	50,000
Dave Forsey	1,000,000	1,000,000
Keith Hellawell	50,000	100,000
Claire Jenkins	-	-
Charlie McCreevy	-	-
Bob Mellors	1,000,000	1,000,000
Dave Singleton	153,621	153,621

Pension contributions

The Company made no contributions to Directors' money purchase pension schemes during the Year.

Dave Singleton
Chairman of the Remuneration Committee
14 July 2011

Directors' Responsibilities

and Responsibility Statement

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profits or loss of the Group for that period. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

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

In preparing each of the Company and Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statement;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They have general responsibility for the system of internal control, taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Report that comply with that law and those regulations.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

To the best of our knowledge:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and of the undertakings included in the consolidation taken as a whole;

and

(b) the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Dave Forsey
Chief Executive

Bob Mellors
Group Finance Director

14 July 2011

Corporate Responsibility Report

The Board recognises the importance of balancing the interests of all its key stakeholders, including customers, employees, shareholders, suppliers and the communities in which it operates. A formal Corporate Responsibility policy was adopted and the Board is committed to applying and developing this policy at every level of the business.

Last year we reported that the focus of our Corporate Responsibility activities were in five key areas; Employees, Health and Safety, Customers, the Environment and the Community, and this remains the case. The Group has developed Key Performance Indicators (KPIs) in respect of these areas, which are further discussed in this report and in the Chief Executive's Report and Business Review on Page 16. These KPIs are based solely on our UK operations.

This report examines each key area in turn, reviewing the current situation, the facts, figures and our successes to date.

Employees

The Group currently employs 16,166 in the UK and 2,044 elsewhere in the world. As the business continues to grow it is the skill and enthusiasm of these employees that are key to its success.

In the UK, 94.0% of our employees work in our stores and in store management. 6.0% of the UK workforce work at our Shirebrook campus, of which 4.0% work in our National Distribution Centre, and 2.0% in the Group Head Office, Finance, Buying, Brands, Retail and IT departments. Of our UK Workforce 56% are male and 44% female. Employee retention is one of our key KPIs. This Year 16.9% of our UK employees left the business; the vast majority of them were from our stores.

Retention of employees is extremely important both in terms of retaining expertise, and as a measure of employee satisfaction. The Board receives a monthly report on the turnover of employees.

The Group believes in rewarding employees with fair salaries together with the opportunity to earn additional pay in the form of bonuses. We monitor our rates of pay against national statistics on an annual basis. We believe that performance based rewards are beneficial to the business and foster greater employee involvement in it, and this policy starts at the Board and flows down to all levels of the business.

Our eligible employees participated in the 2009 Bonus Share Scheme. The bonus was structured in two stages. The first bonus was 25% of base pay in shares at a notional share price of £1.00 per share. The bonus target for 2009-10 was Underlying EBITDA of £155m.

The second bonus was 75% of base pay in shares at a notional share price of £1.25 per share. The second stage of the bonus was conditional upon the first bonus target being met in 2009-10, and the second bonus targets were:

- Underlying EBITDA of £195m in 2010-11; and
- Net Debt ratio of 2 or less at the end of 2010-11

As the Group did attain both years' targets our employees will benefit from the Groups success by receiving shares in 2012 and 2013.

To follow on from the success of the 2009 Bonus Share Scheme the Group will soon be launching the 2011 Bonus Share Scheme, which is subject to the following targets:

- Underlying EBITDA of £215m in 2012
- Underlying EBITDA of £250m in 2013
- Underlying EBITDA of £260m in 2014
- Underlying EBITDA of £300m in 2015
- Individual satisfactory employment performance

If the Company attains all the above EBITDA targets and employees performance is satisfactory, employees will again receive Sports Direct shares. A pot of 30 million shares will be distributed between eligible employees. Shares will vest as to 25% of an employee's allocation in 2015 and 75% in 2017. There will be the opportunity for employees to receive a further award under the Scheme which will vest in 2019.

There is continuation of the Staff Forum that was established in Shirebrook, comprising elected representatives from across departments and representatives of management. The Forum meets monthly and discussions cover issues ranging from pay, holidays, hours, health and safety, working conditions, equipment needs and developments in and the performance of the business. The Forum encourages open discussion and a Board member will attend at least once a year. Minutes of the Forum's meetings are posted on notice boards and representatives are encouraged to seek and reflect the views of their constituents.

The Group recognises the right of employees to membership of a trade union and has entered into an agreement with the trade union Unite in respect of collective bargaining of pay, hours of work and holidays of certain groups of employees in the National Distribution Centre.

The Group is committed to the equal treatment of its employees and has formal policies in place that are reviewed on a regular basis. The Equal Opportunity and Diversity policies ensure that employees are treated as individuals, fairly and with respect providing fair and equal opportunities to employees regardless of age, gender, ethnicity, social background, religion, disability or sexuality.

Every effort is made to provide disabled people with equal opportunities for work, training and promotion.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes. Where an existing employee becomes disabled the business makes every effort to provide continued employment in the same or similar job or by offering retraining in order that the employee's employment within the Group may continue.

We continually review and update all our policies and procedures. A new employee handbook that has been tailored for each department continues to be rolled out during 2011.

The Group places great importance in the training and development of employees. We want them to be able to perform their duties to the best of their abilities while wanting to retain these skills within the business.

During 2010/11 the International Training Centre at Shirebrook was extended. The aim of the Staff Training and Development Department is to use the Training Centre to provide the best, state of the art facilities for our team to achieve their best. Our goal is to give every employee the opportunity to be inspired, stimulated, motivated and empowered to do a better job. The Centre has four specialist environments for running, football, women's sport and specialist knowledge. During 2010, 153 managers and assistant managers attended this training and up to May 2011 has seen 75 attendees.

Each retail unit ensures that all its employees receive induction training. The Group's training strategy is to train managers who are then tasked to ensure that all their employees receive training that is tailored to the circumstances of their own business unit. We monitor how well training is being filtered down into the workplace by undertaking surveys of our store employees.

The management training programme that was introduced in 2008 has continued. The programme covers interview skills, communication, people skills and this year it has focused on employment law at work. During the Year 132 employees attended the programme compared with 175 last year.

The Group, as reported last year, has introduced refresher training as part of a rolling programme, to ensure that all employees reinforce their existing skills and update their knowledge and practices.

The specialist training programme has continued during the Year. Areas covered by our specialist training are footwear, rackets, cricket and golf. Since inception the footwear master class has seen 102 employees attend in 2010 and so far 24 in 2011. Managers responsible for the footwear department have been trained over 14 courses.

The three day residential course focuses on one of the key categories; typical subjects would include employee efficiency, best practice, health and safety and policy and procedures.

Brand training was launched in October 2009 and has continued with 365 employees attending during 2010. 16 Nike training days have taken place since August 2010, training 997 employees with all 997 employees progressing to Nike undergraduate status and 227 of the 997 having further progressed to graduate level.

All National Distribution Centre employees are given appropriate training upon joining the Group, on health and safety matters, communication and relevant aspects of employment law. English is not the first language of many of these employees, and the Group acknowledges that as it recruits from a diverse talent pool the needs of these employees must be addressed. Accordingly, training often involves the use of interpreters, and training materials, policy documents and building signage are usually in multiple languages.

The Group promotes and fosters a culture of personal development for all. The Group's policy is to always look for internal promotion before external recruitment.

Health and Safety

The Group is committed to appropriate standards of health and safety performance. The Board has ultimate responsibility for Group health and safety performance, and receives updates on incidents from the Head of Retail Operations on these matters.

There were no environmental prosecutions or work related fatalities in the business during 2010/11. During the Year, 1,689 (2010:1,428) accidents across the Group were reported to Head Office, and of these, 59 (2010:59) were reportable to the Health and Safety Executive. 89% of accidents occurred within the stores and 28% were slips, trips and minor lacerations that occurred within the stores. The increase in accident figures has coincided with an increase in the store portfolio and the number of accidents per store has increased by 0.61%. The continued emphasis on health and safety training within the business has improved awareness of reporting procedures and recording of incidents under health and safety legislation.

As reported last year the stores have had an electronic reminder system implemented. This ensures that amongst other things health and safety checks are carried out before the store can physically close at the end of the working day. This will, again, increase the profile of health and safety while improving the recording of such checks and procedures.

Corporate Responsibility Report

Training is undertaken in house by a team of qualified and experienced health and safety officers. Going forward the health and safety team will continue to train store employees and monitor health and safety standards, and the Group is committed to maintaining these standards.

Customers

The Group aims to ensure that all its customers enjoy a quality customer service and that they are provided with products that are safe and fit for purpose. The business recognises that customers have diverse needs and works constantly towards meeting them.

Monitoring customer satisfaction and responding to correspondence is a continuous process. Customer Service teams collate management information on service levels and this is circulated to the Board on a monthly basis. All written complaints are recorded, including an analysis of the nature of the complaint so that trends can be assessed and appropriate action taken. This Year 5,201 complaints were logged with our customer service team, an increase of 3.6% on last year. Last year we reported that we were implementing an online customer contact form, which was successfully rolled out during the Year. The online contact form reduces the time it takes for our customers to contact us and has increased the volume of contact from our customers. Online communication reduces the amount of time it takes for us to respond to their queries thereby increasing our service levels, while reducing the print and postage costs for both the Group and customers.

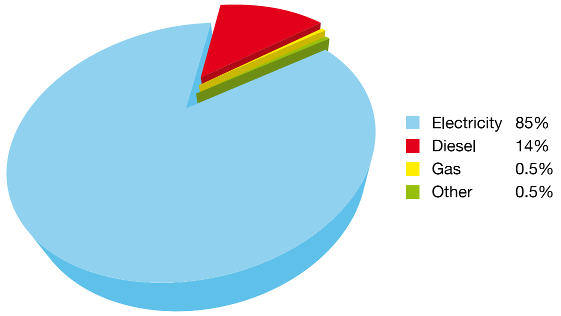
The Group is constantly working on ways to improve customer service at all levels within the Company from the retail stores, head office and through our website.

Environment

As a Group we are aware that our operations impact the environment in a number of ways and it is our responsibility to manage effectively the areas we have direct control over while attempting to influence the actions of other areas that are outside of our control. We seek to reduce the negative impact the Group has on the environment while working towards compliance with the Government's Carbon Reduction Commitment. Building upon investigations last year we have identified property, in particular energy usage in our stores, transport and waste management at both Shirebrook and stores as areas where we can make a difference.

The Group is one of the carbon trust standard bearers, awarded to cover all UK operations and subsidiaries, in recognition of demonstrable performance management.

Carbon Footprint Analysis



As shown above, the single most significant element of the carbon footprint of the Group is the usage of electricity. Electricity usage contributes approximately 85% of the footprint.

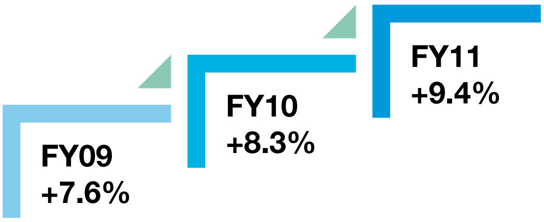
During the Year, the Group has continued to invest in improvements in store lighting efficiency, using internal benchmarks to identify opportunities for improvement and rolling out proven technologies. Investments have been made in the majority of the least efficient stores to bring their performance up to the expected standard.

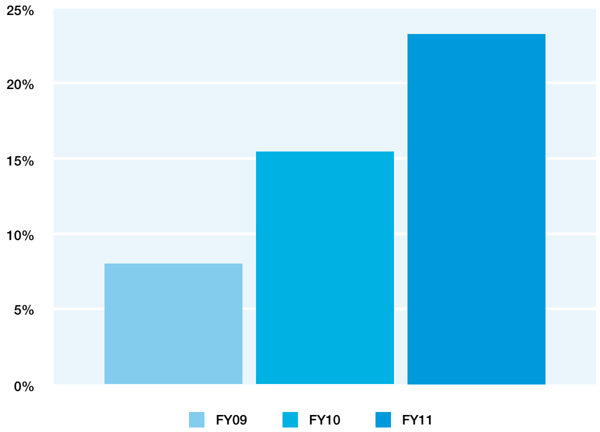
Smart meters now actively monitor and report 98% of the energy used in our UK store portfolio.

This has contributed to a pro rata saving across the largest 195 stores of 9.4%. This saved the equivalent of 3,635 tonnes of CO_2 (Last year saving was 3,607 tonnes).

The Company set its energy efficiency benchmarks against the 2008 financial year (FY08). When compared with the base year of FY08 the total reduction in energy usage across the largest 195 stores is 23.3%.

Annual savings since the FY08 base year





The emphasis continues to be on good housekeeping, supported with targeted investment to ensure that high standards are maintained. Energy consumption reduction continues to be a key performance measurement.

The second biggest contributor to our CO_2 emission is the fleet of vehicles that service the stores. Transport fuel accounts for approximately 14% of the carbon footprint. We continue to drive down our emissions in this area by adjusting the frequency of re-supply to shops according to size and seasonality, monitoring vehicle load factors and ensuring that the fleet is regularly updated with the most modern fuel efficient vehicles.

During the Year, the Group has worked with its largest waste contractor covering the majority of the UK stores. This work led to the diversion of the residual waste to a materials recovery facility. As a result there is a much higher level of waste stream segregation thereby minimising the amount of waste going to land fill.

Where possible we recycle electrical waste, ink toners, redundant IT equipment and light bulbs. This Year we recycled 5,546 (2010:1,539) units of electrical equipment.

During the Year 26 tonnes of waste paper (2010: 33 tonnes), 6,237 tonnes of cardboard (2010: 5,847 tonnes), 116 tonnes of metal (2010: 124 tonnes) 488 tonnes of plastic (2010: 385 tonnes) and 243 tonnes of wood (2010: 268 tonnes) were recycled.

The Group has always kept its transit packaging to a minimum by the use of metal roll cages. Where it is necessary to send transit packaging to shops e.g. to ensure cleanliness of clothing, it is returned to the centre for re-use or recycling as appropriate. Our fleet of trucks back haul recyclable cardboard and polythene from the stores back to the Head Office where it is separated into recycling streams.

As reported last year all stores now use biodegradable carrier bags and provide the option of a bag for life. During the Year, the Group has raised the profile of the bag for life, actively promoting the use of the bag with high levels of employee engagement.

Our aims for the coming years are to further improve energy efficiency across the stores and to continue to minimise waste.

Community

We recognise that consumers and stakeholders are becoming increasingly interested in where we source our products.

The Group continues to procure merchandise from manufacturers who can show that they uphold ethical employment and trading practices.

The Group has a Code of Ethics that it requires every supplier to adhere to. Amongst other matters the Code provides for fair treatment of workers ensuring products are made in a safe environment and in accordance with all the relevant local and national laws, by workers who are treated with respect and are paid fairly for what they do. It ensures there is no child labour and no use of illegal means or materials in the production of goods.

The Group has worked for many years with two leading supply chain companies in Singapore and in South Korea to procure much of its own brand goods.

The Group believes that using their local knowledge, expertise and experience, benefits the business and the communities in which they operate more effectively than would be the case if the Group carried on its own procurement activities in those countries. Both companies have the highest social and business ethics codes which match our Code of Ethics, the BSCI Code of Conduct (which is based upon the United Nations Universal Declaration of Human Rights), ISO9001 and the Social Accountability 8000 (SA8000) Code.

Corporate Responsibility Report

The Group relies on those supply chain companies to inspect all suppliers and manufacturers premises.

Frequent inspections are carried out randomly at short notice to ensure that the goods meet the Group's quality standards as well as assessing continued compliance with SA8000 and the Group's Code of Ethics. We cease immediately to work with suppliers who do not meet our criteria.

The Group complies with an internationally recognised list of chemicals that are banned for use in fabrics. The supply chain companies conduct random tests on fabric which are then taken to a recognised laboratory for quality testing and to check that these banned chemicals are not being used.

The Group has forged long term relationships with suppliers who have demonstrated that their work practices are consistent with the Group's standards. Approximately 40% of the Group's current suppliers have been working with Group companies for 10 years or more.

The Group endeavours to promote the participation in a wide range of sporting activities primarily for children that would not normally have access to the expertise or equipment needed for the sport.

Slazenger is the exclusive cricket equipment supplier to the country's most recognised grassroots cricket development programme, 'Chance to Shine', which is run through the English Cricket Board's charitable arm, the Cricket Foundation. 'Chance to Shine' is a national campaign delivered through individual projects throughout England and Wales. Each project provides a structured coaching and competition programme for a group of schools that would not normally have the chance to participate in the sport. The schools are supported by professional qualified coaches, who are specifically trained to work in a school environment, as well as providing equipment and training for teachers.

"Chance to Shine", now in its sixth year, benefitted 345,356 children and 3,354 schools. It provided over 71,699 hours of coaching along with cricket equipment to the value of £170,000, supplied by Slazenger, to enable the programme to run successfully.

In addition, Dunlop's global "D Squad" talent support programme continues to increase participation and performance levels of the most talented juniors in tennis from around the world. Over 800 children are continuing to benefit from the programme.

The Group also continues to supply the International Tennis Federation with tennis equipment to their Junior Development programme which promotes tournaments for young people aged between 14-18 years old in Central America, the Caribbean, South America, Eastern Europe, Africa, Asia and the Pacific regions. Dunlop donated in the region of £100,000 of equipment during the Year.

Dunlop also work in conjunction with its sponsored professional golfers, Lee Westwood and Darren Clarke, to supply clothing to their respective junior player development schemes also known as their 'Golf Schools' which provide qualified coaching and mentoring to youngsters from across the UK. Over £10,000 worth of clothing has been donated to the schemes so far.

In the United States, Everlast, one of the Group's specialist boxing brands supports numerous initiatives. Everlast products to the value of £3,500 have been donated to Goodwill Industries Inc. and the Grace Foundation.

Everlast continues to assist in running the New York Golden Gloves, the most prestigious amateur boxing tournament in the country by providing products such as gloves and personal protective equipment.

This is a grassroots initiative that benefits men and women age 16-34 as they compete in amateur boxing and around 900 boxers compete each year. Everlast supported this programme by supplying $20,000 worth of equipment.

Everlast donated $5,000 to the American Red Cross for Haiti Relief through its sponsorship of professional boxer and WBC Welter Weight champion Andre Berto who originates from Haiti, after donating $7,500 in the previous year.

Since the year end Everlast donated $45,000 to families affected by the devastating tornados that ripped through parts of Missouri, which included a town near its distribution facility in Moberley, Missouri.

Everlast is an official Breast Cancer Research Foundation Licensee. The Breast Cancer Research Foundation (BCRF) is dedicated to finding a cure for breast cancer by funding clinical and genetic research. The foundation benefits women of all ages who have been affected by the disease as well as women who may be at risk in their lifetime. Everlast makes donations to BCRF based on the sale of related training gloves, hand wraps and key chains. Each year Everlast donates a minimum of $78,000 to BCRF.

USA Boxing is the national governing body of amateur, Olympic-style boxing, and is the United States' member organisation of the International Amateur Boxing Association (AIBA). As a national governing body recognised by the United States Olympic Committee, USA Boxing is responsible for the administration, development and promotion of Olympic-style boxing and is a non-profit organisation.

Everlast assists USA Boxing with a mixture of boxing related product annually to the value of $80,000. This helps the men's, women's, and junior Olympic boxing programmes whose primary ages are 14-34 years, as well as coaches and officials.

Financial Statements

Report of the Independent Auditor

to the Members of Sports Direct international plc

We have audited the group financial statements of Sports Direct International plc for the 52 week period ended 24 April 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 24 April 2011 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements; and
- the information given in the Corporate Governance Statement set out on pages 41 to 47 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules, we are required to review:

- the directors' statement in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code 2010 specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of Sports Direct International plc for the 52 week period ended 24 April 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.

Paul Etherington BSc FCA CF
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London

14 July 2011

Consolidated Income Statement

for the financial year ended 24 April 2011

	Notes	*For the financial year ended:* 24 April 2011 £'000	25 April 2010 £'000
Revenue	1,4	1,599,237	1,451,621
Cost of sales		(940,330)	(862,490)
Gross profit		658,907	589,131
Selling, distribution and administrative expenses		(527,273)	(524,611)
Other operating income	5	5,289	3,493
Exceptional items	6	(2,252)	(9,986)
Operating profit	4, 7	134,671	58,027
Other investment (costs)/income	9	(9,481)	24,653
Finance income	10	2,560	40,150
Finance costs	11	(8,953)	(10,528)
Share of (loss)/profit of associated undertakings and joint ventures	16	(8)	7,200
Profit before taxation		118,789	119,502
Taxation	12	(35,566)	(30,286)
Profit for the period	4	83,223	89,216
Attributable to:			
Equity holders of the Group		84,173	89,433
Non-controlling interests		(950)	(217)
Profit for the period	4	83,223	89,216
Earnings per share from total and continuing operations attributable to the equity shareholders		Pence per share	Pence per share
Basic earnings per share	13	14.80	15.73
Diluted earnings per share	13	13.93	14.76
Underlying Basic earnings per share	13	16.83	12.39

The Consolidated Income Statement has been prepared on the basis that all operations are continuing.

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

Consolidated Statement of Comprehensive Income

for the financial year ended 24 April 2011

	Notes	For the financial year ended: 24 April 2011 £'000	25 April 2010 £'000
Profit for the period	4	83,223	89,216
Other comprehensive income			
Exchange differences on translation of foreign operations		(7,665)	(7,947)
Exchange differences on hedged contracts - recognised in the period	27	(4,801)	10,942
Exchange differences on hedged contracts - reclassification in the period	27	(13,100)	-
Actuarial gains/(losses) on defined benefit pension schemes	24	2,077	(8,184)
Fair value adjustment in respect of available-for-sale financial assets	17	1,531	13,704
Taxation on items recognised in other comprehensive income	25	4,276	(838)
Total comprehensive income for the period		65,541	96,893
Attributable to:			
Equity holders of the Group		66,491	97,110
Non-controlling interest		(950)	(217)
		65,541	96,893

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

Consolidated Balance Sheet

as at 24 April 2011

		For the financial year ended:	
	Notes	24 April 2011 £'000	25 April 2010 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	236,097	270,918
Intangible assets	15	205,050	216,944
Investments in associated undertakings and joint ventures	16	38,347	38,742
Available-for-sale financial assets	17	53,097	51,566
Deferred tax assets	25	13,443	10,101
		546,304	588,271
Current assets			
Inventories	18	217,938	218,803
Trade and other receivables	19	91,705	114,533
Derivative financial assets	27	-	13,648
Cash and cash equivalents	20	60,513	25,121
		370,156	372,105
TOTAL ASSETS		916,190	960,376
EQUITY AND LIABILITIES			
Share capital	21	64,055	64,050
Share premium		874,300	874,300
Treasury shares reserve		(85,088)	(85,088)
Permanent contribution to capital		50	50
Capital redemption reserve		8,005	8,005
Foreign currency translation reserve		28,263	40,633
Reverse combination reserve		(987,312)	(987,312)
Own share reserve		(6,094)	(6,094)
Retained earnings		434,567	349,788
		330,746	258,332
Non-controlling interests		389	1,383
Total equity		331,135	259,715
Non-current liabilities			
Other payables		-	2,345
Borrowings	23	196,182	3,352
Retirement benefit obligations	24	16,186	19,739
Deferred tax liabilities	25	28,238	35,946
Provisions	26	58,277	45,598
		298,883	106,980
Current liabilities			
Derivative financial liabilities	27	5,984	-
Trade and other payables	28	234,851	240,664
Borrowings	23	13,219	333,659
Current tax liabilities		32,118	19,358
		286,172	593,681
Total liabilities		585,055	700,661
TOTAL EQUITY AND LIABILITIES		916,190	960,376

The accompanying accounting policies and notes form part of these financial statements. The financial statements were approved by the Board on 14 July 2011 and were signed on its behalf by:

Bob Mellors
Director

Consolidated Cash Flow Statement

for the financial year ended 24 April 2011

		For the financial year ended:	
	Notes	24 April 2011 £'000	25 April 2010 £'000
Cash inflow from operating activities	29	211,582	199,476
Income taxes paid		(27,324)	(34,838)
Net cash inflow from operating activities		184,258	164,638
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		954	624
Proceeds on disposal of listed investments		-	8,040
Purchase of subsidiaries, net of cash acquired		1,034	(3,330)
Purchase of intangible assets		(1,498)	(2,586)
Purchase of property, plant and equipment		(20,451)	(16,792)
Purchase of listed investments		-	(16,301)
Investment income received		3,362	1,723
Net cash outflow from investing activities		(16,599)	(28,622)
Cash flow from financing activities			
Finance income received		2,560	806
Finance costs paid		(7,222)	(10,528)
Increase in/(repayments of) borrowings		190,899	(14,303)
Proceeds from share issues		5	5
Equity dividend paid		-	(6,935)
Net cash inflow from financing activities		186,242	(30,955)
Net increase in cash and cash equivalents including overdrafts		353,901	105,061
Cash and cash equivalents including overdrafts at beginning of period		(305,264)	(410,325)
Cash and cash equivalents including overdrafts at the period end	20	48,637	(305,264)

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

Consolidated Statement of Changes in Equity

for the financial year ended 24 April 2011

	Treasury shares £'000	Foreign currency translation £'000	Own share reserve £'000	Retained earnings £'000	Other reserves £'000	Sub total £'000	Non-controlling interests £'000	Total £'000
At 26 April 2009	(85,088)	48,580	(6,094)	233,964	(40,912)	150,450	3,232	153,682
Issue of ordinary shares	-	-	-	-	5	5	-	5
Share-based payments	-	-	-	10,767	-	10,767	-	10,767
Non-controlling interests - acquisitions	-	-	-	-	-	-	(1,632)	(1,632)
Transactions with owners	-	-	-	10,767	5	10,772	(1,632)	9,140
Profit for the financial period	-	-	-	89,433	-	89,433	(217)	89,216
Other comprehensive income								
Exchange differences on hedged contracts - recognised in the period	-	-	-	10,942	-	10,942	-	10,942
Actuarial losses on defined benefit pension schemes	-	-	-	(8,184)	-	(8,184)	-	(8,184)
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	13,704	-	13,704	-	13,704
Taxation	-	-	-	(838)	-	(838)	-	(838)
Translation differences - Group	-	(7,860)	-	-	-	(7,860)	-	(7,860)
Translation differences - associates	-	(87)	-	-	-	(87)	-	(87)
Total comprehensive income for the period	-	(7,947)	-	105,057	-	97,110	(217)	96,893
At 25 April 2010	(85,088)	40,633	(6,094)	349,788	(40,907)	258,332	1,383	259,715
Issue of ordinary shares	-	-	-	-	5	5	-	5
Share-based payments	-	-	-	10,623	-	10,623	-	10,623
Non-controlling interests - acquisitions	-	-	-	-	-	-	(44)	(44)
Transactions with owners	-	-	-	10,623	5	10,628	(44)	10,584
Profit for the financial period	-	-	-	84,173	-	84,173	(950)	83,223
Other comprehensive income								
Exchange differences on hedged contracts - recognised in the period	-	-	-	(4,801)	-	(4,801)	-	(4,801)
Exchange differences on hedged contracts - reclassification	-	-	-	(13,100)	-	(13,100)	-	(13,100)
Actuarial gains on defined benefit pension schemes	-	-	-	2,077	-	2,077	-	2,077
Fair value adjustment in respect of available-for-sale financial assets	-	-	-	1,531	-	1,531	-	1,531
Taxation	-	-	-	4,276	-	4,276	-	4,276
Translation differences - Group	-	(12,656)	-	-	-	(12,656)	-	(12,656)
Translation differences - associates	-	286	-	-	-	286	-	286
Total comprehensive income for the period	-	(12,370)	-	74,156	-	66,491	(950)	60,836
At 24 April 2011	(85,088)	28,263	(6,094)	434,567	(40,902)	330,746	389	331,135

The Company holds 64,000,000 ordinary shares in Treasury.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates.

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

Notes to the Financial Statements

for the financial year ended 24 April 2011

1. Accounting policies

The consolidated financial statements of Sports Direct International plc (the "Company") and its subsidiaries (together the "Group") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Basis of preparation
The consolidated financial statements have been prepared in accordance with IFRS as adopted for use in the European Union (including International Accounting Standards ("IAS") and International Financial Reporting Standards Committee ("IFRSC") interpretations) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted for use in the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified to include fair valuation of certain financial assets and derivative financial instruments.

The Group has opted to adopt the 2010 Annual Improvements to IFRS early in respect of IAS 1. As such the analysis of other comprehensive income by item for each component of equity is disclosed within the notes to the financial statements rather than in the statement of changes in equity.

Consolidation
The consolidated financial statements consolidate the revenues, costs, assets, liabilities and cash flows of the Company and its subsidiaries, being those entities in relation to which the Company has the power to govern the financial and operating policies, generally achieved by a share of more than 50% of the voting rights.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of fair value of the consideration transferred over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of fair value of consideration transferred below the fair values of the identifiable net assets acquired is credited to the consolidated income statement in the period of acquisition. The non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets, liabilities and contingent liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Associates and joint ventures
Associates are entities over which the Group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights.

A joint venture is an entity in which the Group holds an interest on a long term basis and which is jointly controlled by the Group and one or more other venturers under a contractual agreement.

The Group's share of the results of associates and joint ventures is included in the Group's consolidated income statement using the equity method of accounting. Investments in associates and joint ventures are carried in the Group's consolidated balance sheet at cost plus post acquisition changes in the Group's share of the net assets of the associates and joint ventures, less any impairment in value. The carrying values of investments in associates and joint ventures include acquired goodwill.

If the Group's share of losses in an associate or joint venture equals or exceeds its investment in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the associate or joint venture.

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity.

Investments
Available-for-sale investments are initially recognised at fair value. Where fair value is different to cost, this is recognised in the income statement on initial recognition. Subsequent gains and losses arising from changes in fair value are recognised in other comprehensive income through the statement of comprehensive income, until the security is disposed or de-recognised at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment in the consolidated income statement for the period.

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If an available-for-sale investment is determined to be impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to the income statement.

Contracts for difference are a type of financial instrument and therefore gains and losses arising from changes in fair value of these investments are recognised directly in the income statement.

Goodwill
Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually or when a change in circumstances or situation indicates that the goodwill has suffered an impairment loss. Any impairment is recognised immediately in the income statement. Gains and losses on the disposal of a business include the amount of goodwill relating to that business.

When the non-controlling interests of an existing subsidiary are acquired the carrying value of the minority interests in the balance sheet is eliminated. The excess of consideration over the carrying value of the minority interests is recognised in the balance sheet as goodwill and is not amortised.

Other intangible assets
Brands, trade marks and licences that are internally generated are not recorded on the balance sheet. Acquired brands, trade marks and licences are initially carried on the balance sheet at cost. The fair value of brands, trade marks and licences that are acquired by virtue of a business combination is determined at the date of acquisition and is subsequently assessed as being the deemed cost to the Group.

No amortisation is charged on brands, trade marks or perpetual/renewable licences with an indefinite life as the Group believes that the value of these brands and trade marks can be maintained indefinitely. The Group carries out an impairment review of indefinite life intangibles, at least annually, or when a change in circumstances or situation indicates that those intangibles have suffered an impairment loss. Impairment is measured by comparing the carrying amount of the intangible asset as part of the cash generating unit (CGU) with the recoverable amount of the CGU, that is, the higher of its fair value less costs to sell and its value in use. Value in use is calculated by discounting the expected future cash flows, using a discount rate based on an estimate of the rate that the market would expect on an investment of comparable risk.

Amortisation is provided on brands, trade marks and licences with a definite life over their useful economic lives of 10 to 15 years and is accounted for within the selling, distribution and administrative expenses category within the income statement.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the income statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment other than freehold land and is calculated on a reducing balance basis or straight-line basis, whichever is deemed by the directors to be more appropriate, to allocate cost less assessed residual value, other than assets in the course of construction, over the estimated useful lives, as follows:

Freehold buildings	2% per annum	straight line
Leasehold property	over the term of the lease	straight line
Plant and equipment	between 5% and 33% per annum	reducing balance

The assets' useful lives and residual values are reviewed and, if appropriate, adjusted at each balance sheet date.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the income statement.

Impairment of assets other than goodwill and intangible assets with an indefinite life
At each balance sheet date, the directors review the carrying amounts of the Group's tangible and intangible assets, other than goodwill and intangible assets with an indefinite life, to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in the income statement immediately.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

In the case of goods sold through retail stores and the internet, revenue is recognised when goods are sold to the customer, less provision for returns. Accumulated experience is used to estimate and provide for such returns at the time of the sale. Retail sales are usually in cash, by debit card or by credit card.

In the case of income generated from trade marks and licences, revenue is recognised on an accruals basis in accordance with the relevant agreements or on a transactional basis when revenue is linked to sale or purchase volumes.

Revenue from property related transactions is recognised when the relevant service is provided.

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

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Government grants and similar income
Income from government grants and similar income such as landlord contributions and inducements that compensate the Group for the cost of an asset are recognised in the balance sheet as a deduction in arriving at the carrying amount of the related asset. This is considered to reflect the true cost of the asset to the Group. The amount is recognised in the consolidated income statement over the life of the depreciable asset by way of a reduced depreciation charge. To date the Group has not received government grants in compensation for expenses charged in the consolidated income statement.

Foreign currencies
The presentational currency of the Group is Sterling. Foreign currency transactions are translated into Sterling using the exchange rates prevailing on the dates of the transactions. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

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for the financial year ended 24 April 2011

For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than Sterling are translated into Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiary undertakings are translated at average rates applicable in the period. All resulting exchange differences are recognised in other comprehensive income and documented in a separate component of equity.

When a foreign operation is sold, the cumulative exchange differences that have been recognised as a separate component of equity are reclassified from equity to the income statement when disposal is recognised.

In order to mitigate its exposure to certain foreign exchange risks, the Group enters into forward contracts (See Chief Executive's report and the cash flow hedging accounting policy on page 18 and 19.

Inventories
Inventories are valued at lower of cost and net realisable value. Cost includes the purchase price of the manufactured products, materials, direct labour, transport costs and a proportion of applicable overheads. Cost is calculated using FIFO (first in, first out). Net realisable value is based on the estimated selling price less all estimated selling costs.

Loans and receivables
Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost under the effective interest method less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other payables
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Deferred taxation
Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of goodwill or initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets. Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in current and deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Pensions
The Group operates pension plans for the benefit of certain employees, including both defined contribution and defined benefit plans.

In relation to its defined contribution plans, the Group makes contributions to independently administered plans, the contributions being recognised as an expense when they fall due. The Group has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

In relation to its defined benefit schemes, the Group recognises in its balance sheet the present value of its defined benefit obligations less the fair value of plan assets. The current service cost is charged against operating profit. Interest on the scheme liabilities is included in finance costs and the expected return on scheme assets is included in finance income.

The defined benefit obligation is calculated at each period end by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms to maturity approximating the terms of the related pension liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected in the statement of comprehensive income in the period in which they arise.

Borrowings and borrowing costs
Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

Borrowing costs, being interest and other costs incurred in connection with the servicing of borrowings, are recognised as an expense when incurred.

Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Group provides for its legal responsibility for dilapidations costs following advice from chartered surveyors and previous experience of exit costs. The estimated cost of fulfilling the leasehold dilapidations obligations is discounted to present value and analysed between non-capital and capital components. The capital element is recognised as a decommissioning cost and depreciated over the life of the asset. The non-capital element is taken to the income statement in the first year of the lease where the cost it represents is of no lasting benefit to the Group or its landlord. 'Wear and tear' costs are expensed to the income statement. Provisions for onerous lease contracts are recognised when the Group believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

Leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The asset subject to the finance lease is depreciated over the shorter of its useful life and the lease term. The corresponding rental obligations, net of finance charges, are included as a liability.

Leases of property, plant and equipment where the Group does not have substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term. Incentives provided by the lessor are credited to the income statement on a straight-line basis over the minimum lease term.

Rental income from operating leases where the Group acts as a lessor is recognised on a straight-line basis over the term of the relevant lease.

Notes to the Financial Statements

for the financial year ended 24 April 2011

Derivative financial instruments and hedge accounting

The most significant exposure to foreign exchange fluctuations relates to purchases made in foreign currencies, principally the US dollar. The Group's policy is to reduce substantially the risk associated with purchases denominated in foreign currencies by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows.

Derivative financial instruments are measured at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on remeasurement are immediately recognised in the Group income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the item being hedged.

In order to qualify for hedge accounting, the Group is required to document from inception the relationship between the item being hedged and the hedging instrument. The Group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each period end to ensure that the hedge remains highly effective.

Cash flow hedging

Derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

The effective element of any gain or loss from remeasuring the derivative instrument is recognised directly in other comprehensive income to the income statement as a reclassification adjustment.

The associated cumulative gain or loss is reclassified from equity and recognised in the income statement in the same period or periods during which the hedged transaction affects the income statement. The classification of the effective portion when recognised in the income statement is the same as the classification of the hedged transaction. Any element of the remeasurement of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the income statement within finance income or costs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment.

Treasury Shares

The purchase price of the Group's own shares that it acquires is recognised as 'Treasury Shares' within equity. The difference between the market value and the average purchase price of shares sold out of Treasury is transferred to retained earnings.

Employee Benefit Trust

The cost of shares acquired by the Sports Direct Employee Benefit Trust is recognised within 'Own share reserve' in equity.

Share based payments

The Group issues equity-settled share-based payments to certain directors and employees. These are measured at fair value at the date of grant, which is expensed to the consolidated income statement on a straight-line basis over the vesting period, with the corresponding credit going to equity.

Non market resting conditions are not taken into account in determining grant date fair value. Instead, they are taken into account by adjusting the number of equity instruments to vest.

Fair value is based on the market share price on the grant date, the likelihood of meeting the vesting targets and the expected number of staff who will leave the Company prior to the vesting date. The expected staff numbers used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A share-based payment charge of £10,623,000 was recognised in selling, distribution and administrative expenses for the 52 weeks ended 24 April 2011.

Equity instruments

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

Dividends
Dividends are recognised as a liability in the Group's financial statements and as a deduction from equity in the period in which the dividends are declared. Where such dividends are proposed subject to the approval of shareholders, the dividends are regarded as declared once shareholder approval has been obtained.

International Financial Reporting Standards ("Standards") in issue but not yet effective
At the date of authorisation of these consolidated financial statements, the International Accounting Standards Board ("IASB") and International Financial Reporting Standards Committee ("IFRSC") have issued the following standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date.

These standards and interpretations are not effective for and have not been applied in the preparation of the consolidated financial statements:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- Improvements to IFRS issued May 2010 (some changes effective 1 July 2010, others effective 1 January 2011)
- Disclosures - Transfers of Financial Assets - Amendments to IFRS 7 (effective 1 July 2011)
- Deferred Tax: Recovery of Underlying Assets - Amendments to IAS 12 Income Taxes (effective 1 January 2012)

The directors anticipate that the adoption of these Standard and Interpretations in future periods will have no material impact on the financial statements of the Group except for the treatment of the acquisition of subsidiaries in future accounting periods.

2. Critical accounting estimates and judgements

The critical accounting estimates and judgements made by the Group regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year are:

Impairment of goodwill
The calculation for considering the impairment of the carrying amount of goodwill requires a comparison of the present value of the cash-generating units to which the goodwill has been allocated, to the value of goodwill and associated assets in the balance sheet. The calculation of present values requires an estimation of the future cash flows expected to arise from the cash-generating units and the selection of a suitable discount rate. The key assumptions made in relation to the impairment review of goodwill are set out in Note 15.

Impairment of other intangible assets
The calculation for considering the impairment of the carrying amount of other intangible assets with an indefinite life, specifically brands, trade marks and licences, requires a comparison of the present value of the related cash flows to the value of the other intangible assets in the balance sheet. The calculation of present value requires an estimation of the future cash flows expected to arise from the other intangible assets and the selection of a suitable discount rate. The key assumptions made in relation to the impairment review of other intangible assets are set out in Note 15.

Useful economic life of intangible assets
For intangible assets which have a finite life, the directors revisit their estimate of useful economic life at each period end and revise accordingly. Licences and trade marks typically have a life of between 10 and 12 years.

Notes to the Financial Statements

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Identification and valuation of acquired intangible assets

On acquisition, each material separable intangible asset is identified and valued by the directors with assistance from a professional third party. Any such calculation is judgmental in nature as it is based on a valuation methodology.

Brand valuations are typically valued using the relief from royalty valuation methodology.

The nature and carrying amounts of these assets are set out in Note 15.

Provision for obsolete, slow moving or defective inventories

The directors have applied their knowledge and experience of the sports retail industry in determining the level and rates of provisioning required in calculating the appropriate inventory carrying values. The nature and carrying amounts are set out in Note 18.

Financial position of retirement benefit plans

The net defined benefit pension plan assets or liabilities are recognised in the Group's balance sheet. The determination of the financial position requires assumptions to be made regarding inter alia future salary increases, mortality, discount rates and inflation. The key assumptions made in relation to the pension plan are set out in Note 24.

Provision for dilapidations and onerous lease contracts

The basis of the estimation of the provisioning for dilapidations and onerous lease contracts is detailed in the provision accounting policy and Note 26.

Estimates and judgments are continually evaluated and are based on historical experience, external advice and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provision for costs relating to regulatory enquiries

Provision has been made for legal costs incurred in the current and previous period relating to ongoing regulatory enquiries and other legal disputes.

3. Financial risk management

The Group's current activities result in the following financial risks and set out below are management's responses to those risks in order to minimise any resulting adverse effects on the Group's financial performance.

Foreign exchange risk

The Group is exposed to foreign exchange risk principally via:

(a) Transactional exposure from the cost of future purchases of goods for resale, where those purchases are denominated in a currency other than the functional currency of the purchasing company. Transactional exposures that could significantly impact the income statement are hedged. These exposures are hedged via forward foreign currency contracts which are designated as cash flow hedges. The notional and fair value of these contracts is shown in note 27.

(b) Net investment exposure, from the fair value of net investments outside the UK. We hedge our investments in our international via foreign currency transactions and borrowings in matching currencies.

(c) Loans to non-UK subsidiaries. These are hedged via foreign currency transactions and borrowings in matching currencies, which are not formally designated as hedges, as gains and losses on hedges and hedged loans will naturally offset.

Interest rate risk

The Group has net borrowings, which are principally at floating interest rates linked to bank base rates or LIBOR. The Group does not use interest rate financial instruments to hedge its exposure to interest rate movements. The Group regularly monitors and reacts accordingly to any exposure to fluctuations in interest rates and the impact on its monetary assets and liabilities.

Credit risk

The directors have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

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

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

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

Capital management
A description of the Group's objectives, policies and processes for managing capital are included in the Chief Executives Report on page 20.

4. Segmental analysis

Operating segments
For management purposes, the Group is organised into, and reports its performance between, two primary business segments; Retail and Brands. The Retail business segment comprises the retail network of stores and the Brands business segment comprises the identification, acquisition, development and trading of a portfolio of internationally recognised sports and leisure brands.

Segment information about the business segments is presented below:

Segmental information for the 52 weeks ended 24 April 2011:

	Retail			Brands	Eliminations	Total
	UK total £'000	International retail £'000	Total £'000	Total £'000	£'000	£'000
Sales to external customers	1,279,248	132,312	1,411,560	187,677	-	1,599,237
Sales to other segments	29	-	29	2,959	(2,988)	-
Revenue	1,279,277	132,312	1,411,589	190,636	(2,988)	1,599,237
Gross profit	523,545	57,614	581,159	77,710	-	658.869
Operating profit before foreign exchange and exceptional items	113,105	5,618	118.723	17,856	-	136,579
Operating profit	115,344	5,493	120,837	13,834		134,671
Other investment costs						(9,481)
Finance income						2,560
Finance costs						(8,953)
Share of loss of associated undertakings and joint ventures						(8)
Profit before taxation						118,789
Taxation						(35,566)
Profit for the period						83,223

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

Other segment items included in the income statement for the 52 weeks ended 24 April 2011:

	Retail £'000	Brands £'000	Total £'000
Depreciation	57,635	2,311	59,946
Amortisation	476	2,274	2,750
Impairment	-	202	202

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for the financial year ended 24 April 2011

Information regarding segment assets and liabilities as at 24 April 2011 and capital expenditure for the 52 weeks then ended:

	Retail £'000	Brands £'000	Eliminations £'000	Total £'000
Investments in associated undertakings and joint ventures	31,066	7,281	-	38,347
Other assets	729,521	235,062	(89,534)	875,049
Total assets	760,587	242,343	(89,534)	913,396
Total liabilities	(479,956)	(191,839)	89,534	(582,261)
Tangible asset additions	23,453	1,026	-	24,479
Intangible asset additions	1,304	201	-	1,505
Total capital expenditure	24,757	1,227	-	25,984

Segmental information for the 52 weeks ended 25 April 2010:

	Retail			Brands	Eliminations	Total
	UK total £'000	International retail £'000	Total £'000	Total £'000	£'000	£'000
Sales to external customers	1,141,193	119,918	1,261,111	190,510	-	1,451,621
Sales to other segments	2,274	136	2,410	3,673	(6,083)	-
Revenue	1,143,467	120,054	1,263,521	194,183	(6,083)	1,451,621
Gross profit	462,365	52,716	515,081	74,050	-	589,131
Operating profit before foreign exchange and exceptional items	88,998	3,535	92,533	15,227	-	107,760
Operating profit	41,722	3,472	45,194	12,833		58,027
Other investment income						24,513
Dividend income from investments						140
Finance income						40,150
Finance costs						(10,528)
Share of profits of associated undertakings and joint ventures						7,200
Profit before taxation						119,502
Taxation						(30,286)
Loss for the period						89,216

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

Other segment items included in the income statement for the 52 weeks ended 25 April 2010:

	Retail £'000	Brands £'000	Total £'000
Depreciation	45,208	2,240	47,448
Amortisation	434	2,463	2,897

Information regarding segment assets and liabilities as at 25 April 2010 and capital expenditure for the 52 weeks then ended:

	Retail £'000	Brands £'000	Eliminations £'000	Total £'000
Investments in associated undertakings and joint ventures	31,445	7,297	-	38,742
Other assets	784,056	245,392	(107,814)	921,634
Total assets	815,501	252,689	(107,814)	960,376
Total liabilities	(604,785)	(203,690)	107,814	(700,661)
Tangible asset additions	16,572	220	-	16,792
Intangible asset additions	837	1,749	-	2,586
Total capital expenditure	17,409	1,969	-	19,378

Geographic information

Segmental information for the 52 weeks ended 24 April 2011:

	UK £'000	Non-UK £'000	Eliminations £'000	Total £'000
Segmental revenue from external customers	1,316,646	282,591	-	1,599,237
Total capital expenditure	14,090	11,894	-	25,984
Segmental assets	759,283	243,647	(89,534)	913,396

Segmental information for the 52 weeks ended 25 April 2010:

	UK £'000	Non-UK £'000	Eliminations £'000	Total £'000
Segmental revenue from external customers	1,182,650	268,971	-	1,451,621
Total capital expenditure	15,156	4,222	-	19,378
Segmental assets	823,204	244,986	(107,814)	960,376

5. Other operating income

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Rent receivable	**3,300**	2,242
Other	**1,989**	1,251
	5,289	3,493

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for the financial year ended 24 April 2011

6. Exceptional items

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Profit on disposal of intangible asset	(876)	-
Provision for costs relating to regulatory enquiries	-	7,800
Provision for cost of legal dispute	3,128	2,186
	2,252	9,986

7. Operating profit

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

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Foreign exchange (gains)/losses (Note 27b)	(344)	39,747
Depreciation of property, plant and equipment		
- owned assets	59,946	47,448
Amortisation of intangible assets	2,750	2,897
Impairment of intangible assets	202	-
Operating lease rentals		
- Land and buildings	100,822	95,756
- Other	460	730

Services provided by the Group's auditor

For the 52 weeks ended 25 April 2010 the remuneration of the auditors, Grant Thornton UK LLP and associated firms, was as detailed below:

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Audit services		
Audit of the Company's and the consolidated financial statements	83	150
Non Audit services		
Audit of subsidiary companies' financial statements	642	476
Other services relating to taxation	347	200
All other services	17	35

8. Employee costs

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

	For the financial year ended:	
	24 April 2011 (Number)	25 April 2010 (Number)
Retail stores	8,024	8,415
Distribution, administration and other	2,295	2,504
	10,319	10,919

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

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Wages and salaries	148,373	147,463
Social security costs	10,000	11,085
Pension costs	596	386
	158,969	158,934

Aggregate emoluments of the directors of the Company are summarised below.

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Aggregate emoluments	581	573

Further details of directors' remuneration are given in the Directors' Remuneration report on pages 48 to 52.

Details of certain key management remuneration are given in note 33.

9. Other investment (costs)/income

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Fair value (loss)/gain on financial assets (Note 17)	(12,170)	16,858
Fair value of additional claim in administration of KSF (Note 17)	-	6,300
Profit on disposal of available-for-sale financial assets (Note 17)	-	1,355
Dividend income from investments	2,689	140
	(9,481)	24,653

Notes to the Financial Statements

for the financial year ended 24 April 2011

10. Finance income

	For the financial year ended: 24 April 2011 £'000	25 April 2010 £'000
Bank interest receivable	427	502
Other interest receivable	-	304
Expected return on pension plan assets (note 24)	2,133	1,645
Fair value adjustment to forward foreign exchange contracts (1)	-	37,699
	2,560	40,150

The adoption of hedge accounting is the main driver behind the reduction in the magnitude of the fair value adjustment to forward foreign exchange contracts.

(1) The fair value adjustment to forward foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts not designated for hedge accounting from one period end to the next.

11. Finance costs

	For the financial year ended: 24 April 2011 £'000	25 April 2010 £'000
Interest on bank loans and overdrafts	4,255	8,056
Interest on other loans and finance leases	403	169
Interest on retirement benefit obligations (Note 24)	2,564	2,303
Fair value adjustment to forward foreign exchange contracts (1)	1,731	-
	8,953	10,528

(1) The fair value adjustment to forward foreign exchange contracts relates to differences between the fair value of forward foreign currency contracts not designated for hedge accounting from one period end to the next.

12. Taxation

	For the financial year ended: 24 April 2011 £'000	25 April 2010 £'000
Current tax	50,645	26,758
Adjustment in respect of prior periods	(8,305)	(3,267)
	42,340	23,491
Deferred tax (Note 25)	(6,774)	6,795
	35,566	30,286
Tax reconciliation		
Profit before taxation	118,789	119,502
Taxation at the standard rate of tax in the UK of 28% (2010: 28%)	32,261	33,461
Tax effects of:		
Expenses not deductible for tax purposes	11,094	4,390
Impact of tax losses and other short-term temporary differences not recognised in deferred tax	(383)	651
Deferred tax recognised in respect of unremitted earnings from an associate	-	(3,070)
Unrelieved foreign tax	-	183
(Profit on)/De-recognition of listed investments	-	(6,484)
Other tax adjustments	398	675
Adjustments in respect of prior periods - Current tax	(8,305)	(3,267)
Adjustments in respect of prior periods - Deferred tax	501	3,747
	35,566	30,286

13. Earnings per share from total and continuing operations attributable to the equity shareholders

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of shares, 568,552,000 (2010: 568,455,000), is adjusted to assume conversion of all dilutive potential ordinary shares under the Group's bonus share schemes, being 35,528,449 (2010: 37,348,000), to give the diluted weighted average number of shares of 604,080,818 (2010: 605,803,000).

Basic and diluted earnings per share

				For the financial year ended:
	24 April 2011 Basic £'000	**24 April 2011 Diluted £'000**	25 April 2010 Basic £'000	25 April 2010 Diluted £'000
Profit for the period	84,173	84,173	89,433	89,433
		Number in thousands		Number in thousands
Weighted average number of shares	568,552	604,081	568,455	605,803
		Pence per share		Pence per share
Earnings per share	14.80	13.93	15.73	14.76

Underlying earnings per share

The underlying earnings per share reflects the underlying performance of the business compared with the prior year and is calculated by dividing underlying earnings by the weighted average number of shares for the period. Underlying earnings is used by management as a measure of profitability within the Group. Underlying earnings is defined as profit for the period attributable to equity holders of the parent for each financial period but excluding the post tax effect of certain exceptional items.

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

				For the financial year ended:
	24 April 2011 Basic £'000	**24 April 2011 Diluted £'000**	25 April 2010 Basic £'000	25 April 2010 Diluted £'000
Profit for the period	84,173	84,173	89,433	89,433
Post tax adjustments to profit for the period for the following exceptional items:				
Realised (gain)/loss on forward exchange contracts	(237)	(237)	28,618	28,618
Fair value adjustment to forward foreign exchange contracts	1,194	1,194	(27,143)	(27,143)
Other investment costs/income	8,397	8,397	(24,133)	(24,133)
Provision for costs incurred relating to regulatory enquiries	-	-	5,616	5,616
Excess of fair value of assets acquired over consideration	-	-	(2,774)	(2,774)
Provision for legal disputes	2,158	2,158	1,574	1,574
Profit on sale of intangible assets	(604)	(604)	-	-
Fair value adjustments within associated undertakings	623	623	(769)	(769)
Underlying profit for the period	95,704	95,704	70,422	70,422
		Number in thousands		**Number in thousands**
Weighted average number of shares	568,552	604,081	568,455	605,803
		Pence per share		**Pence per share**
Earnings per share	16.83	15.84	12.39	11.62

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for the financial year ended 24 April 2011

14. Property, plant and equipment

	Freehold land and buildings £'000	Long leasehold property £'000	Short leasehold property £'000	Plant and equipment £'000	Total £'000
Cost					
At 26 April 2009	123,597	11,060	108,221	292,223	535,101
Exchange differences	230	65	24	6,787	7,106
Additions	541	203	1,237	14,811	16,792
Eliminated on disposals	-	-	(583)	(599)	(1,182)
At 25 April 2010	124,368	11,328	108,899	313,222	557,817
Exchange differences	33	10	-	362	405
Acquisitions	-	-	-	4,028	4,028
Additions	1,299	194	2,967	17,785	22,245
Eliminated on disposals	(75)	-	(1,799)	(8,278)	(10,152)
At 24 April 2011	125,625	11,532	110,067	327,119	574,343
Accumulated depreciation and impairment					
At 26 April 2009	(26,711)	(3,950)	(40,375)	(168,270)	(239,306)
Exchange differences	(40)	14	197	(874)	(703)
Charge for the period	(2,682)	(596)	(11,491)	(32,679)	(47,448)
Eliminated on disposals	-	-	558	-	558
At 25 April 2010	(29,433)	(4,532)	(51,111)	(201,823)	(286,899)
Exchange differences	(9)	-	-	(114)	(123)
Charge for the period	(3,378)	(238)	(12,905)	(43,425)	(59,946)
Eliminated on disposals	-	-	1,799	6,923	8,722
At 24 April 2011	(32,820)	(4,770)	(62,217)	(238,439)	(338,246)
Net book amount					
At 24 April 2011	92,805	6,762	47,850	88,680	236,097
At 25 April 2010	94,935	6,796	57,788	111,399	270,918

Assets held under finance leases have a Net book amount of Nil (2010:Nil)

15. Intangible assets

	Goodwill £'000	Trademarks and licences £'000	Brands £'000	Total £'000
Cost				
At 26 April 2009	128,217	23,470	87,946	239,633
Arising on business combinations	344	-	-	344
Additions through business combinations	521	-	-	521
Other additions	-	2,586	-	2,586
Disposals	-	(769)	-	(769)
Exchange adjustment	(2,874)	5,353	(7,410)	(4,931)
At 25 April 2010	126,208	30,640	80,536	237,384
Arising on business combinations	44	-	-	44
Additions through business combinations	-	7	-	7
Other additions	-	1,498	-	1,498
Disposals	(1,236)	-	-	(1,236)
Exchange adjustment	(4,283)	(2,888)	(2,197)	(9,368)
At 24 April 2011	120,733	29,257	78,339	228,329
Amortisation and impairment				
At 26 April 2009	(9,917)	(5,458)	(2,300)	(17,675)
Amortisation Charge	-	(2,897)	-	(2,897)
Disposals	-	585	-	585
Exchange adjustment	-	(453)	-	(453)
At 25 April 2010	(9,917)	(8,223)	(2,300)	(20,440)
Amortisation Charge	-	(2,750)	-	(2,750)
Impairment	(202)	-	-	(202)
Disposals	202	-	-	202
Exchange adjustment	-	(89)	-	(89)
At 24 April 2011	(9,917)	(11,062)	(2,300)	(23,279)
Net book amount				
At 24 April 2011	110,816	18,195	76,039	205,050
At 25 April 2010	116,291	22,417	78,236	216,944

Amortisation is charged to selling, distribution and administrative expenses in the Consolidated Income Statement. In the prior year the impairment charge was recognised in exceptional items in the Consolidated Income Statement.

Notes to the Financial Statements

for the financial year ended 24 April 2011

The carrying value of goodwill and brands that are considered to have an indefinite life are allocated to cash-generating units as follows:

	Goodwill £'000	Brands £'000
Retail	13,340	834
Brands	97,476	75,205
	110,816	76,039

The Group tests the carrying amount of goodwill and assets with an indefinite life annually for impairment or more frequently if there are indications that their carrying value might be impaired. The carrying amounts of other intangible assets are reviewed for impairment if there is an indication of impairment.

Impairment is calculated by comparing the carrying amounts to the value in use derived from discounted cash flow projections for the cash generating units (CGU) to which the intangible assets are allocated.

Value in use calculations are based on five year management forecasts with a terminal growth rate applied thereafter, representing management's estimate of the long term growth rate of the sector served by the CGUs.

The key assumptions, which are equally applicable to each CGU, in the cash flow projections used to support the carrying amount of goodwill and intangibles with indefinite lives as at 24 April 2011 were as follows:

Retail and Brands (with the exception of Everlast)

- Annual sales growth for the first five years of between 0% and 7% depending on the constituent elements of the CGU, followed by terminal sales growth of 2-4%.
- Gross margin of between 30% and 47% depending on the constituent elements of the CGU.
- Annual maintenance expenditure of between £Nil and £1.0m per annum depending on the individual entity's circumstances.
- Discount rates are estimated at a risk adjusted pre-tax weighted average cost of capital of 13.8%.

Everlast

- Annual sales growth of between 5% and 12% for the first five years followed by terminal sales growth of 5%, reflecting specific plans for the business.
- Gross margin and capital expenditure within the Retail and Brands range.
- Discount rates are estimated at a risk adjusted pre-tax weighted average cost of capital of 16.7%.

The key assumptions are based on management's historical experience and future plans for each CGU.

A reasonably possible change in any key assumption would not cause the carrying value of any CGU to exceed its recoverable amount.

The intangible assets that have an indefinite life are brands and trading names and are considered to have an indefinite life on the grounds of the proven longevity of the brands and trading names and the Group's commitment to maintaining those brands.

16. Investments in associated undertakings and joint ventures

The Group uses the equity method of accounting for associates and joint ventures. The following table shows the aggregate movement in the Group's investment in associates and joint ventures:

	Associates £'000	Joint ventures £'000	Total £'000
At 26 April 2009	25,163	7,216	32,379
Exchange differences	(87)	-	(87)
Additions	833	-	833
Excess of fair value over consideration	3,853	-	3,853
Fair value adjustments to financial instruments	1,068	-	1,068
Share of profit/(loss)	2,391	(112)	2,279
Dividend paid	(1,583)	-	(1,583)
At 25 April 2010	31,638	7,104	38,742
Exchange differences	286	-	286
Fair value adjustments to financial instruments	(903)	-	(903)
Share of profit/(loss)	911	(16)	895
Dividend paid	(673)	-	(673)
At 24 April 2011	31,259	7,088	38,347

Associates

The business activity of Heatons is that of household, sporting and leisure goods retail. Heatons operates in the Republic of Ireland and Northern Ireland. The directors do not consider that they have control over the financial and operating policies of Warrnambool and so will continue to account for the Company as an associate.

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

	24 April 2011 £'000	25 April 2010 £'000
Share of non-current assets	49,777	50,491
Share of current assets	19,503	18,036
Share of non-current liabilities	(23,465)	(25,105)
Share of current liabilities	(14,556)	(11,784)
	31,259	31,638

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Income	89,721	81,137
Expenses	(88,562)	(78,124)
Profit before tax	1,159	3,013
Taxation	(248)	(622)
Profit for the period	911	2,391

Heatons has a coterminous year end with the Group. There are no significant restrictions on the ability of associated undertakings to transfer funds to the parent, other than those imposed by legal requirements.

Notes to the Financial Statements

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Joint Ventures

The Group's joint ventures are:

Name	Country of incorporation	Percentage of issued share capital held	Nature of business
No Fear International Limited*	England	50	Brand licensing
PBF International Limited*	England	50	Brand licensing

*Held by an immediate subsidiary.

All joint venture undertakings operate in their country of incorporation.

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

	24 April 2011 £'000	25 April 2010 £'000
Share of non-current assets	5,260	5,916
Share of current assets	4,510	2,622
Share of non-current liabilities	-	-
Share of current liabilities	(2,682)	(1,434)
	7,088	7,104

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Income	2,846	3,695
Expenses	(2,937)	(3,800)
Loss before taxation	(91)	(105)
Taxation	75	(7)
Loss for the period	(16)	(112)

17. Available-for-sale financial assets

	24 April 2011 £'000	25 April 2010 £'000
Available-for-sale financial assets	53,097	51,566

The fair value of the available-for-sale investments is based on bid quoted market prices at the balance sheet date.

The following table shows the aggregate movement in the Group's financial assets during the year:

	24 April 2011 £'000	25 April 2010 £'000
At beginning of period	51,566	5,467
Additions	-	22,222
Disposals	-	(6,685)
Revaluation through the income statement	-	16,858
Revaluation through other comprehensive income	1,531	13,704
At end of period	53,097	51,566

We have previously reported that some of our strategic stakes were held by Kaupthing Singer & Friedlander (KSF) and partly financed by them. On 8 October 2008, KSF went into administration and we were in dispute with the administrators concerning the ownership of the shares they held. In the 2009 financial statements we concluded that we may not directly "control" the shares for accounting purposes and therefore treated them as having been derecognised. This derecognition resulted in the transfer of historic losses, previously recognised in the statement of comprehensive income and expense, of £53,156,000 into the income statement in the year ended 26 April 2009.

On 21 February 2010 the Company entered into an agreement with the Administrator of KSF to acquire any rights which may be determined that they hold.

On 13 May 2010 the judgement of the court proceedings which commenced on 26 April 2010 was handed down. The court determined that the Group had acquired beneficial interest in 12,153,071 ordinary shares in Blacks Leisure plc and 5,775,255 in JD Sports Fashion plc on 8 October 2008. This acquisition was reflected in the 2010 financial statements. The judgement also resulted in the Group regaining control of the shares.

The administrator of KSF appealed the decision. SDI's ownership of the shares was no longer in dispute, but were KSF to be successful in an appeal then SDI would be required to pay an amount of c£14.7m, which was held in escrow following the 21 February 2010 agreement and included in other debtors in the 25 April 2010 financial statements.

The Group also submitted a claim to the administrators for the shares that are claimed to be owned by the Group in Amer Sports plc, Blacks Leisure Group plc and JD Sports Fashion plc, but were not in KSF possession. The Group also submitted a claim for the dividends on these shares and Group funds held by KSF. Accordingly, a receivable of £6.3m was recognised.

On 18 October 2010 the Company received a distribution from the administrator of £3.2m, leaving a debtor due from the administrator of £3.1m.

On 2 March 2011, to avoid further legal fees and extending the matter further, the Company entered into a settlement deed with the administrator. As part of the settlement deed the Company received £5.6m in full and final settlement of the amount held in escrow of £14.7m and the remaining claim in the administration of £3.1m. In effect the shortfall between the value of the debtors and the amount received is an increase in the consideration paid to acquire the shares on 21 February 2010.

The difference between the amount paid on 21 February 2010 and the market value on that date was originally credited to the income statement in line with IAS 39. Therefore the loss on settlement paid of £12.2m in the current year has been debited to the income statement.

The financial assets at 24 April 2011 relate to strategic investments held of between 11.87% and 14.5% in share capital.

At 24 April 2011 the Group had no investments in excess of 20% of share capital.

Notes to the Financial Statements

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18. Inventories

	24 April 2011 £'000	25 April 2010 £'000
Raw materials	3,290	3,773
Work in progress	653	1,129
Goods for resale	213,995	213,901
	217,938	218,803

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

	24 April 2011 £'000	25 April 2010 £'000
Cost of inventories recognised as an expense	938,131	857,724

19. Trade and other receivables

	24 April 2011 £'000	25 April 2010 £'000
Trade receivables	47,594	45,359
Amounts owed by related undertakings	2,095	2,481
Other debtors	4,173	36,782
Prepayments and accrued income	37,843	29,911
	91,705	114,533

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset above, plus any cash balances.

Ageing of trade receivables:

	24 April 2011 £'000	25 April 2010 £'000
Current	36,103	30,120
0-30 days past due	4,749	8,606
30-60 days past due	1,851	1,785
60-90 days past due	1,242	383
Over 90 days past due	3,649	4,465
	47,594	45,359

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

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

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Opening position	3,636	7,295
Amounts charged to the income statement	1,401	2,386
Amounts written off as uncollectible	(354)	(3,923)
Amounts recovered during the year	-	(2,122)
Closing position	4,683	3,636

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. These bad debt provisions/charges have been determined by reference to past default experience and knowledge of the individual circumstances of certain receivables.

The other classes within trade and other receivables do not include impaired assets.

20. Cash and cash equivalents

	24 April 2011 £'000	25 April 2010 £'000
Cash in bank and in hand - Sterling	39,006	5,579
Cash in bank and in hand - US dollars	6,343	7,599
Cash in bank and in hand - Euros	14,007	8,506
Cash in bank and in hand - other	1,157	3,437
	60,513	25,121
Bank overdraft (Note 23)	(11,876)	(330,385)
Cash and cash equivalents including overdrafts at period end	48,637	(305,264)

21. Share capital

	24 April 2011 £'000	25 April 2010 £'000
Authorised		
999,500,010 ordinary shares of 10p each	99,950	99,950
499,990 redeemable preference shares of 10p each	50	50
	100,000	100,000
Allotted, called up and fully paid		
640,552,369 (2010: 640,502,369) ordinary shares of 10p each	64,055	64,050
Share Capital		
At 25 April 2010	64,050	64,045
Issue of shares	5	5
At 24 April 2011	64,055	64,050

The Group holds 64,000,000 shares in Treasury.

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Contingent share awards
The Executive Bonus Share Scheme

Under the terms of the Executive Bonus Share Scheme, which was approved by Shareholders on 10 September 2010 and is a Revenue approved scheme, the Board may make share awards in respect of the ordinary shares in the company. Awards may be made to Executives and Persons Discharging Managerial Responsibilities over a fixed number of shares subject to performance conditions. The extent to which the awards will vest is based on whether the Group meets the underlying EBITDA targets for the 2011 financial year. Further details are set out in the Remuneration Report on page 49.

An award of 4,073,036 shares was granted on 26 January 2011 at a share price of 164.3 pence and none of these shares have since lapsed. These shares will only vest if the performance conditions (continued employment) are met over the next two years.

The Bonus Share Scheme

Under the terms of the Bonus Share Scheme, which was approved by the shareholders on 9 September 2009, the Board may make share awards in respect of the ordinary shares in the Company to employees based on a percentage of salary and subject to performance conditions. The extent to which the awards vest is based on the whether the Group meets underlying EBITDA targets for the 2010 and 2011 financial years. Further details are set out in the Corporate Social Responsibility Report on page 54.

The first awards of 34,898,000 shares were granted on 14 October 2009 at an average price of 99.50p. At 24 April 2011 31,455,413 (25 April 2010: 33,274,964) awards were outstanding under the scheme, with the decrease in the year being attributable to leavers. These shares will only vest if the performance conditions (continued employment) are met over the next two years.

A share-based payment charge of £10,623,000 was recognised in respect of these share awards for the 52 weeks ended 24 April 2011, based on the Directors' best estimate of the number of shares that will vest.

22. Other reserves

	Share capital £'000	Share premium £'000	Permanent contribution to capital £'000	Capital redemption reserve £'000	Reserve combination reserve £'000	Other reserves £'000
At 26 April 2009	64,045	874,300	50	8,005	(987,312)	(40,912)
Issue of ordinary shares	5	-	-	-	-	5
25 April 2010	64,050	874,300	50	8,005	(987,312)	(40,907)
Issue of ordinary shares	5	-	-	-	-	5
At 24 April 2011	64,055	874,300	50	8,005	(987,312)	(40,902)

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

Between 5 October 2007 and 11 March 2008 the Group cancelled 79,547,631 of shares acquired as part of the share buy back programme.

The reverse combination reserve exists as a result of the adoption of the principles of reverse acquisition accounting in accounting for the group restructuring which occurred on 2 March 2007 and 29 March 2007 between the Company and Sports World International Limited, Brands Holdings Limited, International Brand Management Limited and CDS Holdings SA with Sports World International Limited as the acquirer.

23. Borrowings

	24 April 2011 £'000	25 April 2010 £'000
Non-current:		
Bank and other loans	194,917	2,789
Obligations under finance leases	1,265	563
	196,182	3,352
Current:		
Bank overdrafts	11,876	330,385
Bank and other loans	1,335	3,274
Obligations under finance leases	8	-
	13,219	333,659
Total borrowings:		
Bank overdrafts	11,876	330,385
Bank and other loans	196,252	6,063
Obligations under finance leases	1,273	563
	209,401	337,011

The maturity of the Group's total borrowings other than bank overdrafts is as follows:

	24 April 2011 £'000	25 April 2010 £'000
Borrowings are repayable as follows:		
Within one year	1,343	3,274
Between one and two years	1,189	2,976
Between two and five years	194,641	188
After five years	352	188
	197,525	6,626
Borrowings — Sterling	157,772	1,890
Borrowings — Other	39,753	4,736
	197,525	6,626

Loans are all on commercial variable rates of interest ranging between 1.5% and 2.0% over the interbank rate of the country within which the borrowing entity resides.

On 7 March 2011, Sports Direct International plc and certain subsidiaries (the "Borrowers") entered into a committed revolving facility agreement with 10 financial institutions and with HSBC bank PLC acting as Agent (the "Revolving Facility"). The Revolving Facility is available to any of the Borrowers and may be drawn to an aggregate limit of £220 million. It is capable of being utilised by way of cash advances and/or currency borrowings. The Revolving Facility is available until 6 March 2014. The Group is required to observe certain covenants, including undertakings relating to delivery of financial statements, and certain negative covenants, including in relation to creation of security and disposal of assets. The Revolving Facility is unsecured.

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

The Group has a £50m working capital facility with Mike Ashley which can be drawn down on request.

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

Net debt at 24 April 2011 was £148.9m (25 April 2010: £311.9m).

Notes to the Financial Statements

for the financial year ended 24 April 2011

24. Retirement benefit obligations

The Group's defined benefit pension obligations relate to Dunlop Slazenger Group Holdings Limited ("DSGHL"), which was acquired on 28 January 2004. DSGHL operates a number of plans worldwide, the largest of which is of the funded defined benefit type. The Scheme is closed to new members.

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

	24 April 2011 £'000	25 April 2010 £'000	26 April 2009 £'000	27 April 2008 £'000	29 April 2007 £'000
Total fair value of plan assets	36,858	33,149	27,440	32,706	36,419
Present value of plan liabilities	(53,044)	(52,888)	(39,764)	(44,411)	(50,451)
Net plan obligations	(16,186)	(19,739)	(12,324)	(11,705)	(14,032)
Experience adjustments on plan liabilities	869	(12,645)	5,887	4,652	(1,620)
Experience adjustments on plan assets	1,208	4,461	(6,336)	(2,969)	1,164

The cumulative amount of actuarial gains and losses recognised in other comprehensive income as at 24 April 2011 was an actuarial loss of £5,200,000 (2010: actuarial loss of £7,277,000).

There were no unrecognised actuarial gains or losses or past service costs as at 25 April 2010 or 24 April 2011.

Amounts recognised in the income statement are as follows:

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Current service cost	9	12
Interest on retirement benefit obligations	2,564	2,303
Expected return on plan assets	(2,133)	(1,645)
	440	670

The current service cost is included within cost of sales. The interest on retirement benefit obligations and the expected return on plan assets are included within finance costs and finance income, respectively.

Amounts recognised in other comprehensive income is as follows:

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Actual less expected return on assets	1,208	4,461
Actuarial gains/(losses) relating to plan liabilities	869	(12,645)
	2,077	(8,184)

The actual return on plan assets for the 52 weeks ended 24 April 2011 was a gain of £3,341,000 (2010: gain of £6,106,000).

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

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
At the start of the period	33,149	27,440
Expected return on plan assets	2,133	1,645
Actuarial gain	1,208	4,461
Employer contributions	1,865	1,216
Employee contributions	14	15
Benefits paid out	(1,511)	(1,628)
At the end of the period	36,858	33,149

The Group expects to contribute £1,865,000 to its defined benefit pension plans for the 52 weeks ended 29 April 2012.

The assumptions used to determine the expected return on assets reflects the underlying asset allocation at each period end. The plan asset mix and the expected returns on the assets are as follows:

	24 April 2011 £'000	25 April 2010 £'000
Equities	22,048	19,760
Bonds	14,547	13,210
Cash and other	263	179
	36,858	33,149
Equities	7.5%	7.3%
Bonds	5.0%	5.1%
Cash and other	0.5%	4.0%

The overall expected rate of return on the Scheme's assets has been derived by considering the expected rate of return on each major asset class of investments at the start of the year and weighting these rates of return by the proportion of the total investments that the class represents at the start of the year.

The principal assumptions underlying the actuarial assessments of the present value of the plan liabilities are:

	24 April 2011 %	25 April 2010 %
Inflation rate	3.5	3.6
Future salary increases	n/a	n/a
Future pension increases	3.3	3.4
Discount rate	5.4	5.5

Mortality assumptions:

	24 April 2011	25 April 2010
Life expectancy at 65 at period end:		
Future pensioners – male	87.4	87.4
Future pensioners – female	89.7	90.2
Current pensioners – male	86.0	86.4
Current pensioners – female	88.1	89.2

Notes to the Financial Statements

for the financial year ended 24 April 2011

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

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
At the start of the period	(52,888)	(39,764)
Current service cost	(9)	(12)
Interest cost	(2,564)	(2,303)
Actuarial gain/(loss)	869	(12,645)
Employee contributions	(14)	(15)
Benefits paid out	1,511	1,628
Exchange gain	51	223
At the end of the period	(53,044)	(52,888)

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

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Net liability at the start of the period	(19,739)	(12,324)
Movement in fair value of plan assets	3,709	5,709
Movements in the present value of the plan liabilities	(156)	(13,124)
Net liability at the end of the period	(16,186)	(19,739)

In addition to the amounts recognised in relation to the defined benefit retirement plans, amounts of £121,000 and £187,000 have been recognised in the income statement in the periods ended 25 April 2010 and 24 April 2011 in relation to defined contribution retirement benefit plans.

25. Deferred tax asset and liabilities

	Accounts depreciation exceeding tax depreciation £'000	**Tax losses recoverable £'000**	**Pension plan liabilities £'000**	**Unremitted earnings from an associate £'000**	**Other temporary differences £'000**	**Total £'000**
At 26 April 2009	(4,282)	1,475	4,317	(3,279)	(16,253)	(18,022)
(Charged)/credited to the income statement	(1,922)	-	(1,016)	3,279	(7,136)	(6,795)
(Charged)/credited to the statement of comprehensive income	-	-	2,226	-	(3,064)	(838)
Foreign exchange adjustments	-	-	-	-	(190)	(190)
At 25 April 2010	(6,204)	1,475	5,527	-	(26,643)	(25,845)
Credited/(charged) to the income statement	2,458	(575)	(395)	-	5,286	6,774
Credited to the statement of other comprehensive income	-	-	-	-	4,276	4,276
Foreign exchange adjustments	-	-	-	-	-	-
At 24 April 2011	(3,746)	900	5,132	-	(17,801)	(14,795)

	24 April 2011 £'000	25 April 2010 £'000
Deferred tax assets	13,443	10,101
Deferred tax liabilities	(28,238)	(35,946)
Net deferred tax balance	(14,795)	(25,845)

Deferred tax assets are recognised for tax losses recoverable and pension plan liabilities to the extent that realisation of the related tax benefit is probable on the basis of the Group's current expectations of future taxable profits.

26. Provisions

	Dilapidations £'000	Onerous contracts and other property costs £'000	Total £'000
At 25 April 2010	24,593	21,005	45,598
Amounts provided	3,293	14,901	18,824
Amounts utilised	-	(497)	(497)
Amounts reversed	(495)	(5,153)	(5,648)
At 24 April 2011	28,021	30,256	58,277

The dilapidations provision is the best estimate of the present value of expenditure expected to be incurred by the Group in order satisfy its obligations to restore its leasehold premises to the condition required under the lease agreements at the end of the lease discounted at 5% per annum. The provision is expected to be utilised over the period to the end of each specific lease.

The provision in respect of onerous lease contracts represents the net cost of fulfilling the Group's obligations over the terms of these contracts discounted at 5% per annum. The provision is expected to be utilised over the period to the end of each specific lease. A number of leases previously assigned to third party tenants have reverted to the Group this year, as the tough economic conditions have led to those third party tenants being unable to meet their commitments. Provision is also made for the strategic rationalisation of certain properties.

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

Notes to the Financial Statements

for the financial year ended 24 April 2011

27. Financial Instruments

(a) Financial assets and liabilities by category

The carrying values of financial assets and liabilities, which are principally denominated in Sterling or US dollars, were as follows:

	Loans and receivables £'000	Assets at fair value through profit and loss £'000	Available for sale financial assets £'000	Non-financial assets £'000	Total £'000
Assets – 2011					
Property, plant and equipment	-	-	-	236,097	236,097
Intangible assets	-	-	-	205,050	205,050
Investments in associated undertakings and joint ventures	-	-	-	38,347	38,347
Available-for-sale financial assets	-	-	53,097	-	53,097
Deferred tax assets	-	-	-	10,649	10,649
Inventories	-	-	-	217,938	217,938
Trade and other receivables	53,862	-	-	37,843	91,705
Cash and cash equivalents	60,513	-	-	-	60,513
	114,375	-	53,097	745,924	913,396
Assets – 2010					
Property, plant and equipment	-	-	-	270,918	270,918
Intangible assets	-	-	-	216,944	216,944
Investments in associated undertakings and joint ventures	-	-	-	38,742	38,742
Available-for-sale financial assets	-	-	51,566	-	51,566
Deferred tax assets	-	-	-	10,101	10,101
Inventories	-	-	-	218,803	218,803
Derivative financial assets	-	13,648	-	-	13,648
Trade and other receivables	45,359	-	-	69,174	114,533
Cash and cash equivalents	25,121	-	-	-	25,121
	70,480	13,648	51,566	824,682	960,376

	Loans and payables £'000	Liabilities at fair value through profit and loss £'000	Non-financial liabilities £'000	Total £'000
Liabilities – 2011				
Non-current borrowings	194,917	-	1,265	196,182
Retirement benefit obligations	-	-	16,186	16,186
Deferred tax liabilities	-	-	31,603	31,603
Provisions	-	-	58,277	58,277
Derivative financial liabilities	-	5,984	-	5,984
Trade and other payables	184,078	-	50,773	234,851
Current borrowings	13,219	-	-	13,219
Current tax liabilities	-	-	25,959	25,959
	392,214	5,984	184,063	582,261
Liabilities – 2010				
Other payables	2,345	-	-	2,345
Non-current borrowings	3,352	-	-	3,352
Retirement benefit obligations	-	-	19,739	19,739
Deferred tax liabilities	-	-	35,946	35,946
Provisions	-	-	45,598	45,598
Trade and other payables	133,451	-	107,213	240,664
Current borrowings	333,659	-	-	333,659
Current tax liabilities	-	-	19,358	19,358
	472,807	-	227,854	700,661

Carrying values do not materially differ from fair value.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 24 April 2011, the only financial instruments measured at fair value were derivative financial assets, which are classified as Level 2, and available-for-sale financial assets, which are classified as Level 1.

(b) Derivatives: foreign currency forward purchase contracts
The most significant exposure to foreign exchange fluctuations relates to purchases made in foreign currencies, principally the US dollar. The Group's policy is to substantionally reduce the risk associated with purchases denominated in foreign currencies by using forward fixed rate currency purchase contracts, taking into account any foreign currency cash flows. The Group does not hold or issue derivative financial instruments for trading purposes, however if derivatives do not qualify for hedge accounting they are accounted for as such and accordingly any gain or loss is recognised immediately in the income statement.

The carrying values of forward foreign currency purchase contracts were as follows:

	24 April 2011 £'000	25 April 2010 £'000
Fair value of derivative financial instruments - (liabilities)/assets	(5,984)	13,648

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

	24 April 2011 £'000	25 April 2010 £'000
US dollar purchases	320,000	210,000
Contracted rates	1.56-1.65	1.53-1.68
US dollar sales	-	(50,000)
Contracted rates	-	1.54
Euro sales	(33,451)	(36,319)
Contracted rates	1.13-1.14	1.09-1.14

At 24 April 2011 £320m of forward US dollar purchase contracts qualified for hedge accounting and the loss on fair valuation of these contracts of £17.9m has therefore been recognised in other comprehensive income. This amount is split between £4.8m recognised in the period and £13.1m reclassified in the period. The timing of the adoption of hedge accounting is the main reason for the magnitude of foreign exchange gains/(losses) reducing from a £39.7m loss to a £0.3m gain.

Forward foreign currency purchase and sale contracts generally have a maturity at inception of approximately 12 months. At 24 April 2011 £60m of purchase contracts and no sale contracts had a maturity at inception of greater than 12 months (2010: £Nil million of purchase contracts).

Notes to the Financial Statements

for the financial year ended 24 April 2011

(c) Sensitivity analysis

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to US dollars and the Euro. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 5% increase and decrease in the US dollar/Sterling and Euro/Sterling exchange rates at the year end date, assuming all other variables remain unchanged. The figures have been calculated by comparing the fair values of outstanding foreign currency contracts at the current exchange rate to those if exchange rates moved as illustrated.

Positive figures represent an increase/decrease in profit or equity:

	Income statement		Equity	
	24 April 2011 £'000	25 April 2010 £'000	**24 April 2011 £'000**	25 April 2010 £'000
Sterling strengthens by 5%				
US dollar	849	3,137	(3,674)	3,137
Euro	(219)	1,401	(219)	1,401
Sterling weakens by 5%				
US dollar	(892)	(3,294)	3,858	(3,294)
Euro	230	(1,471)	230	(1,471)

Interest rate sensitivity analysis

The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 0.5% increase or decrease in interest rates, assuming all other variables were unchanged.

The analysis has been prepared using the following assumptions:

- For floating rate assets and liabilities, the amount of asset or liability outstanding at the balance sheet date is assumed to have been outstanding for the whole year.
- Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis.

Positive figures represent a (decrease)/increase in profit or equity.

	Income statement		Equity	
	24 April 2011 £'000	25 April 2010 £'000	**24 April 2011 £'000**	25 April 2010 £'000
Interest rate increase of 0.5%	(1,047)	(1,798)	(1,047)	(1,798)
Interest rate decrease of 0.5%	1,047	1,798	1,047	1,798

(d) Liquidity risk

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows of the Group's financial liabilities:

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
2011					
Bank loans and overdrafts	13,211	723	198,655	314	212,903
Obligations under finance leases	8	434	435	435	1,312
Trade and other payables	184,078	-	-	-	184,078
Derivative financial liabilities					
Cash inflows	(281,721)	-	-	-	(281,721)
Cash outflows	286,446	-	-	-	286,446
	202,022	1,157	199,090	749	403,018
2010					
Bank loans and overdrafts	331,471	5,126	-	-	336,597
Obligations under finance leases	-	193	194	194	581
Trade and other payables	133,451	-	-	-	133,451
Derivative financial liabilities					
Cash inflows	(140,526)	-	-	-	(140,526)
Cash outflows	127,992	-	-	-	127,992
	452,388	5,319	194	194	458,095

28. Trade and other payables

	24 April 2011 £'000	25 April 2010 £'000
Trade payables	95,700	133,451
Amounts owed to related undertakings	5,112	4,044
Other taxes including social security costs	12,920	7,241
Other payables	37,853	30,454
Accruals and deferred income	83,266	65,474
	234,851	240,664

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

Notes to the Financial Statements

for the financial year ended 24 April 2011

29. Cash inflow from operating activities

	For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000
Profit before taxation	118,789	119,502
Net finance costs/(income)	6,393	(29,622)
Other investment costs/(income)	9,481	(24,653)
Share of loss/(profit) of associated undertakings and joint ventures	8	(7,200)
Operating profit	134,671	58,027
Depreciation	59,946	47,448
Amortisation charge	2,952	2,897
(Profit)/loss on disposal of intangibles	(10)	184
Defined benefit pension plan current service cost	-	670
Defined benefit pension plan employer contributions	(1,865)	(1,216)
Share based payments	10,623	10,767
Operating cash inflow before changes in working capital	206,317	118,777
Decrease/(increase) in receivables	10,658	(2,222)
Decrease in inventories	865	43,460
Decrease/(increase) in payables	(6,258)	39,461
Cash inflows from operating activities	211,582	199,476

30. Operating lease arrangements

As at 24 April 2011 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	24 April 2011 £'000	25 April 2010 £'000
Land and buildings		
Within one year	76,504	77,870
In the second to fifth years inclusive	266,767	267,060
After five years	289,094	312,487
	632,365	657,417

The Group sub lets certain stand-alone retail stores which are no longer operated by the Group. The property rental income earned during the 52 weeks ended 24 April 2011 was £3,290,000 (2010: £2,242,000).

As at 24 April 2011, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	24 April 2011 £'000	25 April 2010 £'000
Land and buildings		
Within one year	2,576	5,166
In the second to fifth years inclusive	6,783	17,298
After five years	5,951	21,011
	15,310	43,475

31. Capital commitments

The Group had no capital commitments as at 24 April 2011 (2010: £Nil).

32. Contingent assets and liabilities

As a matter of course the Group undertakes action in numerous parts of the world to protect its trade mark registrations and in connection with the Group's licensees. Such actions are usually resolved in the ordinary course of business. The Group is, however, party to a dispute and since 2007 has provided for an amount representing the financial estimation of the potential loss if the outcome was not to be in its favour. The Group believes that to provide further information would be seriously prejudicial to the case.

33. Related party transactions

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

The Group has taken advantage of the exemptions contained within IAS 24 - Related Party Disclosures from the requirement to disclose transactions between Group companies as these have been eliminated on consolidation.

52 weeks ended 25 April 2010

Related party	Relationship	Sales £'000	Purchases £'000	Trade and other receivables £'000	Trade and other payables £'000
Heatons	Associate	22,901	-	3,411	-
No Fear International Limited	Joint venture	-	-	-	(1,775)
PBF International Limited	Joint Venture	-	-	2,279	-
Mike Ashley	Director	-	-	-	(653)

Mike Ashley leases certain properties to various companies in the Group which are operated as retail and distribution premises. A commercial rent is charged in respect of these leases.

Compensation paid to key management of the Group was £821,584, including pension contributions of £7,973.

52 weeks ended 24 April 2011

Related party	Relationship	Sales £'000	Purchases £'000	Trade and other receivables £'000	Trade and other payables £'000
Heatons	Associate	22,789	-	4,425	-
No Fear International Limited	Joint venture	-	-	5,384	(1,197)
Brasher Leisure Limited	Associate	80	(678)	25	(117

Mike Ashley leases certain properties to various companies in the Group which are operated as retail and distribution premises. A commercial rent is charged in respect of these leases.

Compensation paid to key management of the Group was £797,075, including pension contributions of £Nil.

Notes to the Financial Statements
for the financial year ended 24 April 2011

34. Principal subsidiary undertakings

The principal subsidiary undertakings of the Company at 24 April 2011 were as follows:

Name	Country of incorporation	Percentage of issued share capital held	Nature of business
Antigua Enterprises Inc*	USA	100	Sporting and leisure goods wholesale and brand licensing
Brands & Fashion NV*	Belgium	100	Brand management and licensing
Brands Inc Limited*	England	100	Brand management and licensing
Brands Holdings Limited	England	100	Brand management and licensing
CDS Holdings SA	Belgium	100	Sporting and leisure goods retail
Donnay International SA*	Belgium	100	Sporting and leisure goods wholesale and brand licensing
Dunlop Slazenger Group Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Everlast Worldwide Inc.*	USA	100	Sporting and leisure goods wholesale and brand licensing
Field and Trek (UK) Limited*	England	100	Sporting and leisure goods retail
International Brand Management Limited	England	100	Brand management
Kangol Holdings Limited*	England	100	Fashion and leisure goods wholesale and brand licensing
Karrimor Limited*	England	100	Fashion and leisure goods wholesale and brand licensing
Lillywhites Limited*	England	100	Sporting and leisure goods retail
Lonsdale Boxing Limited*	England	100	Fashion and leisure goods wholesale and brand licensing
Lonsdale Sports Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Smith and Brooks Holdings Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Sports Essentials Limited*	England	100	Sporting and leisure goods wholesale and brand licensing
Sportsdirect.com Retail Limited	England	100	Sporting and leisure goods retail
Sports 2000 Sportne Trogovine	Slovenia	100	Sporting and leisure goods retail
The Trademark Licensing Company Limited*	England	100	Brand licensing
Universal Cycles Limited*	England	86	Bicycle wholesaler

* Held by an intermediate subsidiary.

All subsidiaries have coterminous year ends. All principal subsidiary undertakings operate in their country of incorporation.

A full list of the Group's operating subsidiary undertakings will be annexed to the next Annual Return filed at Companies House.

There are no significant restrictions on the ability of the subsidiary undertakings to transfer funds to the parent, other than those imposed by the legal requirements.

35. Ultimate controlling party

The Group is controlled by Mike Ashley through his 100% shareholding in MASH Holdings Limited, which has a 71% shareholding in the Company.

36. Post balance sheet events

On 6 July 2011 the Group acquired an 80% shareholding in West Coast Capital (USC) Ltd, a top young branded fashion business, and in Cruise Clothing Ltd, one of the UK's leading independent luxury retailers, for a total cash consideration of 7.0m.

The acquisition will create a new Premium and Luxury lifestyle division.

At the date of approval of these financial statements, the initial accounting for this business combination have yet to be finalised.

Report of the Independent Auditor

to the Members of Sports Direct International plc

We have audited the parent company financial statements of Sports Direct International plc for the 52 week period ended 24 April 2011 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 24 April 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Report of the Independent Auditor

to the Members of Sports Direct International plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Sports Direct International plc for the 52 week period ended 24 April 2011.

Paul Etherington BSc FCA CF
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London

14 July 2011

Company Balance Sheet

for the financial year ended 24 April 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	2	1,000,811	1,000,811
Current assets			
Debtors	3	13,342	3,610
Cash at bank and in hand		1,090	-
		14,432	3,610
Creditors: amounts falling due within one year.	4	(30,436)	(28,266)
Net current liabilities		(16,004)	(24,656)
Net assets		984,807	976,155
Capital and reserves			
Called up share capital	5	64,055	64,050
Share premium	6	874,300	874,300
Treasury shares reserve	6	(85,088)	(85,088)
Permanent contribution to capital	6	50	50
Capital redemption reserve	6	8,005	8,005
Own share reserve	6	(6,094)	(6,094)
Profit and loss account	6	129,579	120,932
Shareholders' funds	7	984,807	976,155

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

The financial statements were approved by the Board on 14 July 2011 and were signed on its behalf by:

Bob Mellors
Director

Notes to the Company Financial Statements

1. Accounting policies

These accounts have been prepared in accordance with applicable United Kingdom accounting standards. A summary of the material accounting policies adopted are described below.

Basis of accounting
The accounts have been prepared under the historical cost convention.

As permitted by Section 408 of the Companies Act 2006, a profit and loss account of the Company is not presented. The Company's loss after taxation for the 52 week period 24 April 2011 was £1,976,000 (2010 £10,364,000 loss).

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

Cost represents cash consideration or the amount of ordinary shares issued by the Company at nominal value after taking account of merger relief available under s612 of the Companies Act 2006 plus related acquisition costs capitalised at fair value.

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

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

Foreign currencies
Items arising from transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. At the balance sheet date all monetary assets and liabilities denominated in foreign currencies are translated at the closing rate or at the rate of exchange at which the transaction is contracted to be settled in the future. All exchange differences are dealt with in the profit and loss account.

Dividends
Dividends on the Company's ordinary shares are recognised as a liability in the Company's financial statements, and as a deduction from equity, in the period in which the dividends are declared. Where such dividends are proposed subject to the approval of the Company's shareholders, the dividends are only declared once shareholder approval has been obtained.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, with the exception of those accounted for via merger relief available under s612 of the Companies Act 2006, are recorded at the proceeds received, net of any direct issue costs.

Income from Group undertakings
Income from Group undertakings is recognised when qualifying consideration is received from the Group undertaking.

Related party transactions
The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group.

Share based payments
The Company has applied the requirements of FRS 20, "Share based Payment". The Company issues equity-settled share based payments to certain directors and employees of the Company and its subsidiaries. These are measured at fair value at the date of grant which is expensed to the consolidated income statement on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Monte Carlo method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. A share based payment charge of £10,623,000 was recognised for the 52 weeks ended 24 April 2011 based on the directors' best estimate of the number of shares that will vest. £10,307,000 of this share based payment was recharged to subsidiary undertakings of the Company.

2. Investments

	2011 £'000
Shares in Group undertakings:	
As at 25 April 2010	1,000,811
Additions:	-
As at 24 April 2011	1,000,811

None of the Company's investments are listed.

The Company is the principal holding company of the Group. The principal subsidiary undertakings of the Company are set out in note 34 to the Group financial statements.

3. Debtors

	2011 £'000	2010 £'000
Amounts owed by Group undertakings	787	1,560
Other debtors	3,845	473
Prepayments	8,710	1,577
	13,342	3,610

4. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdraft	-	2,182
Trade creditors	4,556	431
Amounts owed to Group undertakings	15,455	21,631
Accruals	10,425	4,022
	30,436	28,266

Notes to the Company Financial Statements

5. Called up share capital

	2011 £'000	2010 £'000
Authorised		
999,500,010 ordinary shares of 10p each	99,950	99,950
499,990 redeemable preference shares of 10p each	50	50
	100,000	100,000
Called up and fully paid		
640,552,369 (2010: 640,502,369) ordinary shares of 10p each	64,055	64,050

	2011 £'000	2010 £'000
Share capital		
At 25 April 2010	64,050	64,045
Issue of shares	5	5
At 24 April 2011	64,055	64,050

6. Reserves

	Share premium account £'000	Treasury share reserve £'000	Permanent contribution to capital £'000	Capital redemption reserve £'000	Own share reserve £'000	Profit and loss account £'000
At 25 April 2010	874,300	(85,088)	50	8,005	(6,094)	120,932
Loss for the financial period	-	-	-	-	-	(1,976)
Share based payments	-	-	-	-	-	10,623
At 24 April 2011	874,300	(85,088)	50	8,005	(6,094)	129,579

The Company holds 64,000,000 ordinary shares in Treasury.

7. Reconciliation of movement on shareholders' funds

	2011 £'000
Opening shareholders' funds	976,155
Issue of shares	5
Loss for the financial period	(1,976)
Share based payments	10,623
Closing shareholders' funds	984,807

8. Post balance sheet events

No material post balance sheet events occurred after 24 April 2011 to the date of this Annual Report.

Consolidated Five Year Record

Unaudited Income Statement

	IFRS	IFRS	IFRS	IFRS	IFRS
				For the financial year ended:	
	24 April 2011 £'000	25 April 2010 £'000	26 April 2009 £'000	27 April 2008 £'000	29 April 2007 £'000
Continuing operations:					
Revenue	1,599,237	1,451,621	1,367,321	1,259,510	1,347,144
Cost of sales	(940,330)	(862.490)	(809,685)	(709,809)	(751,003)
Gross profit	658,907	589,131	557,636	549,701	596,141
Selling, distribution and administrative expenses	(527,273)	(524,611)	(463,297)	(444,109)	(445,198)
Other operating income	5,289	3,493	4,004	4,023	1,783
Costs of admission to the London Stock Exchange	-	-	-	-	(586)
Past performance bonuses	-	-	-	-	(56,400)
Profit on disposal of certain retail concessions	-	-	-	-	4,160
Leofelis legal claim	-	-	-	-	(6,000)
Reorganisation costs	-	-	-	-	-
Regulatory enquiries	-	(7,800)	-	-	-
Legal dispute	(3,128)	(2,186)	-	-	-
Impairment of intangible fixed assets	-	-	(14,832)	-	-
Impairment of Freehold property	-	-	(15,682)	-	-
Profit on disposal of intangible asset	876	-	-	-	-
Exceptional items	(2,252)	(9,986)	(30,514)	-	(58,826)
Operating profit	134,671	58,027	67,829	109,615	93,900
Investment (costs)/income	(9,481)	24,653	(51,949)	43,874	1,790
Finance income	2,560	40,150	15,927	5,370	3,449
Finance costs	(8,953)	(10,528)	(23,633)	(45,006)	(42,081)
Share of profit of associated undertakings and joint ventures	(8)	7,200	2,482	5,020	3,422
Profit before taxation	118,789	119,502	10,656	118,873	60,480
Taxation	(35,566)	(30,286)	(26,164)	(41,126)	(23,360)
Profit for the period	83,223	89,216	(15,508)	77,747	37,120
Equity holders of the Group	84,173	89,433	(15,838)	78,182	37,671
Non-controlling interests	(950)	(217)	330	(435)	(551)
Profit for the period	83,223	89,216	(15,508)	77,747	37,120

Notes to the consolidated income statement five year record:

1. All information is presented under IFRS.

2. The five year record has been prepared on the same basis as the financial statements for the 52 weeks ended 24 April 2011, as set out in Note 1, basis of preparation, of the consolidated financial statements.

Shareholder Information

Registrar and transfer office
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Company Secretary and registered office
Sports Direct International plc
Unit A, Brook Park East
Shirebrook
NG20 8RY
Telephone 0845 129 9200
Sports Direct International plc is registered in England and Wales (No. 6035106)

Solicitors
Freshfields Bruckhaus Derringer
65 Fleet Street
London
EC4Y 1HS

Brokers
Charles Stanley Securities
131 Finsbury Pavement
London
EC1A 1NT

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London
EC1A 1HQ

Principal Bankers
Barclays Bank plc
5 The North Colonnade
Canary Wharf
London
E14 4BB

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Auditors
Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Annual General Meeting

The Annual General Meeting of the Company will be held at 3.00pm on Wednesday 7 September 2011 at Sports Direct International plc, The Auditorium, Unit D, Brook Park East, Shirebrook, NG20 8RY. Each shareholder is entitled to attend and vote at the meeting, the arrangements for which are described in a separate notice.

Results
For the year to 24 April 2012:
Interim management statement: 7 September 2011
Half year results announced: 15 December 2011
Interim management statement: February 2012
Preliminary announcement of full year results, July 2012.
Annual report circulated July/August 2012

Shareholder helpline
The Sports Direct shareholder register is maintained by Computershare who is responsible for making dividend payments and updating the register, including details of changes to shareholders' addresses. If you have a query about your shareholding in Sports Direct, you should contact Computershare's Sports Direct Shareholder helpline on: 0870 707 4030 calls are charged at standard geographic rates, although network charges may vary:

Address: The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ

Website: www.computershare.com

Website
The Sports Direct website at www.sportsdirect.com provides news and details of the Company's activities plus information for shareholders. The investor section of the website www.sports-direct-international.com contains real time share price data as well as the latest results and announcements.

Other trading websites:
www.antigua.com
www.carltonsports.com
www.dunlopsport.com
www.everlast.com
www.fieldandtrek.com
www.karrimor.com
www.slazengers.com
www.store.lonsdale.com

Unsolicited mail
The Company is obliged by law to make its share register publicly available and as a consequence some shareholders may receive unsolicited mail, including from unauthorised investment firms.

For more information on unauthorised investment firms targeting UK investors, visit the website of the Financial Services Authority at www.moneymadeclear@fsa.gov.uk

If you wish to limit the amount of unsolicited mail you receive contact:

The Mailing Preference Service
DMA House
70 Margaret Street
London
W1W 8SS

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

Notes

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