Half-Year Annual Report and Accounts 2018

jd sports fashion plc

JD

size?

FOOTPATROL

chausport

Sprinter

PERRY
SPORT&
ADVENTURE

AKTIESPORT

NEXT ATHLEISURE

SPORT ZONE

FINISH LINE

scotts

TESSUTI

MAINLINE

GET THE LABEL .COM

JD GYMS

KUKRI

FOCUS
INTERNATIONAL

SOURCE LAB

KC KIDS CAVERN

Nicholas Deakins
Established in England 1991

Blacks

millets

Ultimate
Outdoors

GO
Outdoors

tiso
Geared up for the outdoors

Contents

Overview

“Another record result for the half year with Group EBITDA increased by 26% and profit before tax increased by 19%”

Peter Cowgill

Revenue

- 2018 / £1,846.3m
- 2017 / £1,367.2m
- 2016 / £970.6m
- 2015 / £809.9m
- 2014 / £670.3m

Profit before tax and exceptional items*

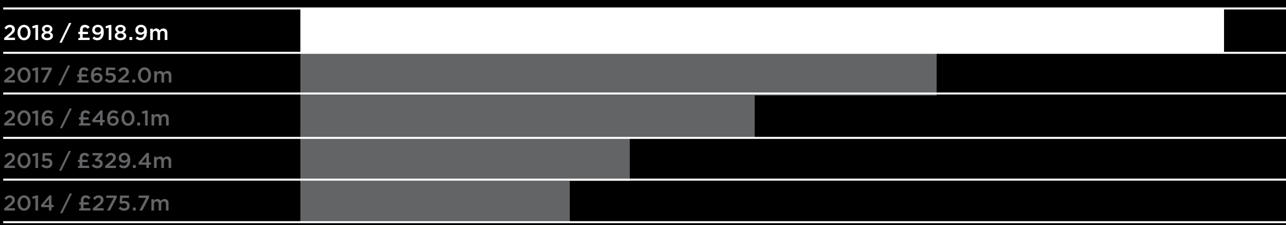
- 2018 / £121.9m
- 2017 / £102.7m
- 2016 / £77.4m
- 2015 / £46.6m
- 2014 / £25.5m

Interim dividend payable per ordinary share

- 2018 / 0.27p
- 2017 / 0.26p
- 2016 / 0.25p
- 2015 / 0.24p
- 2014 / 0.23p

Adjusted basic earnings per ordinary share*

Net assets



Net cash / (debt)

a) Net cash consists of cash and cash equivalents together with interest-bearing loans and borrowings

* Throughout this Half Year Report '*' indicates the first instance of a term defined and explained in the Glossary on page 36

Sports Fashion Fascias

Number of Stores		Sq Ft (000)
JD UK & ROI		
Period End / 390		End / 1,539
Period Start / 385		Start / 1,525
JD Europe		
Period End / 231		End / 598
Period Start / 213		Start / 541
JD AsiaPac		
Period End / 33		End / 136
Period Start / 12		Start / 56
Size?		
Period End / 41		End / 62
Period Start / 38		Start / 60
Sub-total JD & Size?		
Period End / 695		End / 2,335
Period Start / 648		Start / 2,182
Fashion UK		
Period End / 79		End / 197
Period Start / 77		Start / 179
Other Europe (i)		
Period End / 436		End / 2,860
Period Start / 445		Start / 2,953
Other AsiaPac (ii)		
Period End / 46		End / 205
Period Start / 67		Start / 284
Fin Line (own)		
Period End / 553		End / 1,871
Period Start / -		Start / -
Fin Line (Macy's) (iii)		
Period End / 375		End / 322
Period Start / -		Start / -
Total Sports Fashion Stores		
Period End / 2,184		End / 7,790
Period Start / 1,237		Start / 5,598

(i) Chausport (France), Sprinter (Spain), Sport Zone (Portugal, Spain & Canary Islands) and Perry Sport / Aktiesport (Netherlands)
(ii) Glue (Australia), Stream Fascias (Malaysia) and Hot-T (South Korea)
(iii) Being Finish Line branded concessions within Macy's department stores only. In addition, there were 154 non-branded concessions in other Macy's department stores at the period end.

There were also twenty JD branded Gyms at the period end.

Outdoor Fascias

Number of Stores	Sq Ft (000)
Blacks	
Period End / 58	End / 212
Period Start / 57	Start / 206
Millets	
Period End / 98	End / 207
Period Start / 100	Start / 211
Ultimate Outdoors	
Period End / 6	End / 146
Period Start / 7	Start / 162
Tiso	
Period End / 13	End / 88
Period Start / 13	Start / 88
Go Outdoors	
Period End / 64	End / 1,905
Period Start / 60	Start / 1,794
Total Outdoor Stores	
Period End / 239	End / 2,558
Period Start / 237	Start / 2,461

Introduction

I am very pleased to report that the Group continues to make excellent progress with the profit before tax for the 26 weeks ended 4 August 2018 increasing by a further 19% to £121.9 million. The increase in the operating profit of £20.6 million to £123.9 million includes a contribution of £4.8 million from Finish Line in the seven week period post acquisition.

This is another record result for our Group demonstrating that our multibrand multichannel premium offer has resilient profitability in its core UK and Ireland market with capacity for continued growth across an increasing number of international markets.

Against a backdrop of widely reported retail challenges in the UK, it is extremely reassuring that the profitability in the UK and Ireland Sports Fascias has been further enhanced. This reflects the value of the investments that we have made over a number of years in developing a dynamic multichannel proposition which marries the best of physical and digital retail enabling customers to interact with us where and when they want and through the channel of their choice.

Whilst we firmly expect online to further increase its share of overall sales in our core UK and Ireland markets, the often social nature of consumers' shopping trips and impulsive nature of their buying decisions combined with the importance of cash to a high proportion of our demographic, means that we expect physical retail to retain most of its current level of importance. The store base remains essential to brand awareness, the customer's desire to see, handle and try the product, and our ability to provide multiple delivery points. Consequently, we do not anticipate a material movement in the size of our store base in the UK and Ireland although we continue to work with landlords on ensuring that our portfolio of leases has the maximum flexibility and the lowest committed cost possible. We look to protect the profitability in all of our stores by continuously monitoring the performance using a number of metrics.

The improved profit in our core territories has principally come from an increase in margins where we have maintained an intensely rigorous approach to managing sellthroughs and made a deliberate decision not to enter into short-term reactive discounting unnecessarily when our proposition remains well differentiated. We firmly believe that the longer term interests of both the Group and our third party branded supplier partners are best served by JD further improving its reputation and customer experience with ongoing investment in store refurbishment, visual merchandising, retail theatre, customer service and digital integration. Margins on our own brand ranges have also benefitted in the period from favourable rates achieved on foreign exchange hedging contracts.

The Group has made further significant positive progress in its existing international markets in Europe and Asia Pacific:

- Europe: There has been a net increase of 18 stores for the JD fascia with new stores in the majority of our existing territories together with our first two JD stores in Finland. Elsewhere, our team in Iberia continue to work on the integration of the Sport Zone fascia into the Sprinter commercial operations. This process is ongoing with some dilution to margin in the short term as excess legacy stocks in the recently acquired Sport Zone business are cleared aggressively.

- Asia Pacific: At the period end there were 33 stores trading as JD across the region with two additional stores in Malaysia and four new stores in Australia including the conversion of three stores which previously traded as Glue. Working with our local partner, Shoemarker Inc, we now have 13 JD stores in South Korea which includes 12 conversions of the multibrand Hot-T fascia which was acquired in the previous year. More recently, we have also opened our first two stores in Singapore and we anticipate opening our first stores in Thailand during the second half.

The completion of the acquisition of the Finish Line business in the United States has further significantly extended the Group's global reach. With a population in excess of 300 million people, the United States is the largest market for sport lifestyle footwear and apparel. It was also the origin of the athleisure trend and is the home to many of the global sportswear brands. The management teams in JD and Finish Line are already working together on a project to test JD's highly differentiated multichannel retail proposition in the United States with a small trial to commence ahead of the peak holiday trading period. Another small trial focussed on elevating the customer experience in Finish Line stores by leveraging JD's recognised global market-leading standards in Sports Fashion visual merchandising is also ongoing.

We are increasingly optimistic about the international potential of the JD fascia which, prior to the proposed developments in the United States, has a presence in 14 countries outside of its core UK and Ireland market. We are confident that our digitally integrated proposition, which delivers a dynamic and exciting multichannel experience to consumers in store and online, is both scalable and transferrable across a wider geography and, with the ongoing support of our key brand partners, we continue to look for opportunities to expand JD's global reach further.

Our premium brand Fashion businesses remain an important part of our overall elevated offering to consumers and, with the support of our global brand partners who recognise and value our differentiated multichannel offering, we continue to expand our presence in this area.

Our Outdoor fascias have had a difficult first half overall although it is encouraging that the EBITDA remains positive. These fascias are heavily influenced by the weather and after a promising first quarter when our Outdoor fascias benefitted from the late winter, they have all had an extremely challenging Q2 with good growth in sales of lightweight shorts and T-shirts nowhere near able to compensate for a significant and understandable decline in jackets and other waterproof apparel. We believe that this has been a one off trading period and are more widely reassured for the longer term by further growth in sales of camping and other outdoor activities.

The internal fitting out of the new 352,000 square feet leased extension to the Kingsway facility is ongoing and we remain on timetable to start using this extension for inbound stocks later in the Autumn. Capex of £28.5 million has been incurred on the Kingsway site so far this year with approximately £5 million of spend anticipated in the second half to complete the project. Elsewhere, the fitting out of the new warehouse in Alicante, Spain has also been completed with this site now fully operational for the Sprinter stores with a handover of logistics for the Sport Zone stores in Spain from Sonae ongoing. Further investment of approximately €3.5 million will be required in this warehouse over the next year to accommodate the additional stocks required for the future fulfilment of the Sport Zone stores in Portugal.

Sports Fashion

Sports Fashion has had another exceptional first half with operating profit increasing by a further 24% to £127.7 million (2017: £103.2 million).

Like for like store sales across our global Sports Fashion fascias were marginally positive in the period with total like for like sales, including online, growing by 4% which is very pleasing. We are particularly encouraged by the continued growth of the JD fascia in its international markets with a significant double digit increase in total like for like sales in both Europe and Asia Pacific. In both of these regions, our trading websites are becoming increasingly significant in scale with access to the universal stock pool at Kingsway maximising availability.

In the current competitive and rapidly changing environment, it is pleasing to report that the overall gross margin in Sports Fashion has not just been maintained but has increased slightly. We will continue to promote product where it is appropriate whilst retaining our longer term view on margins. The margins in our own brand ranges also benefitted from favourable rates achieved on foreign exchange hedging contracts.

Globally, we have opened a net 44 new JD stores with 39 of these stores in international markets. In Europe, we have opened a total of 18 stores and would anticipate opening at least a similar number of new stores across Europe in the second half.

Further afield, we are pleased with our continued progress in the Asia Pacific region with 21 stores either opened or converted to JD in the period. We now have nine stores trading in Malaysia with potentially a further three stores to open in the second half. After opening four stores in the period, including the conversion of three stores previously trading as Glue, we had nine stores in Australia at the period end with three stores opening subsequently including our first store in Perth. These stores are very much focussed in the major metropolitan areas with six stores now trading in Sydney and four stores in Melbourne. We currently plan to open up to three further stores in the second half which we anticipate will include a flagship store on Pitt Street in the centre of Sydney. We opened our first stores in Singapore in the period with early trading particularly encouraging at our flagship store in the Ion Orchard Mall. During the period we increased our shareholding in the joint venture in South Korea to 50% at a relatively small cost and whilst linguistic differences increase the challenges of operating in this country, we believe that we are making a number of learnings which will assist our wider future international development. We currently have 13 stores trading as JD in the country which includes the conversion of 12 stores previously trading as Hot-T. Ten stores will continue to trade as Hot-T at least for the remainder of this year whilst we review the learnings from our early performance.

Away from JD, we are pleased with the progression of Perry Sport and Aktiesport in the Netherlands with Sports Unlimited Retail delivering a positive result for the first time as we start to benefit from our previous actions to reduce the excessive store footprint and sell through the legacy fragmented stocks. Our overall results in Iberia have, as anticipated, been impacted by an initial loss in the Sport Zone business which was acquired in January 2018. Integration of commercial operations and management of the Sport Zone stores in Spain into the infrastructure at our pre-existing Sprinter business is ongoing, a process we anticipate completing in the second half. The Sprinter management are also now starting to have more of an influence on the operations in the Sport Zone stores in Portugal and the Canary Islands, although the full integration of these stores into the Sprinter infrastructure will not be completed until the second half of 2019. Whilst we anticipate a further loss in the second half, we believe that the actions we are taking will leave Sport Zone positioned to deliver positive results in the future.

The transaction to acquire the Finish Line business completed on 18 June 2018. Based in Indianapolis, Finish Line retails men's, women's and children's athletic footwear, as well as an assortment of apparel and accessories and currently operates from 553 Finish Line branded retail stores which are typically in mall-based locations, across 44 US states and Puerto Rico. Finish Line is a digitally integrated retailer with its e-commerce site, supported by sales picked from store stock, contributing in excess of 20% of total Finish Line branded sales. Additionally, Finish Line is the exclusive retailer of athletic footwear, both in-store and online, for the Macy's department store with 375 branded concessions currently trading although we will look to close a double digit number of loss making concessions through the second half. It is the Company's current intention to operate a dual fascia strategy in the US, working with the Finish Line management team to roll out the JD product and multichannel retail concept in key locations with an initial trial covering a small number of locations planned for this year. We will also look to improve retail and visual merchandising standards in the Finish Line estate. In the seven week period after completion, Finish Line has contributed an operating profit of £4.8 million with revenues of £180.0 million. We anticipate that opportunities to improve future profit levels will prevail.

We believe that our premium fashion businesses are an important part of our Group as they enable access to an elevated range of brands. We are committed to working with our brand partners in this sector to maintain the premium positioning of their brands.

We are pleased with the continued development of our gyms business which, after seven openings in the period, now comprises of 20 gyms with a total membership base approaching 100,000. Our high value proposition provides industry leading equipment and an exciting range of classes in gyms which are fitted out to a high standard. We continue to look for appropriately costed and well-located opportunities that will add further scale to this proposition.

Outdoor

Our Outdoor businesses have had mixed trading in the first half of the year. After capitalising on the opportunities provided by the severe winter weather in the early part of the year we exited the first quarter with a composite total like for like growth across stores and online of 7%. However, trading in the second quarter was very challenging with the hot and dry weather across the UK for long periods having a significant impact on footfall into stores. Not withstanding the weaker trading in the second quarter, we ended the half with a total like for like in our composite fascias which was still marginally positive.

We are reassured that even in this uniquely weather-challenged trading period that our businesses were still cash generative with a positive EBITDA in the period of £2.9 million (2017: £6.5 million). After depreciation and a further charge for the non-trading amortisation of fascia and various brand names, the operating loss was £3.8 million (2017: profit £0.1 million).

We continue to plan for further integration of the Outdoor businesses as we believe that the most efficient way of leveraging stock across Blacks and Go Outdoors is through access to one pool of stock with common merchandising systems and shared central warehousing. Therefore, it is our intention that Go Outdoors will now transfer onto the Group's ERP and into shared warehousing in the first half of next year. There is also increasing integration of the management teams with Lee Bagnall now Managing Director of both Blacks and Go Outdoors.

Group Performance

Revenue and Gross Margin

Total revenue increased by 35% in the year to £1,846.3 million (2017: £1,367.2 million). This includes £180.0 million of revenue from Finish Line in the seven week period post acquisition. Like for like store sales for the period across our global Group fascias, including those in Europe and in Asia Pacific, were flat with the overall like for like growth for the same fascias, including online, increasing by more than 3%.

Total gross margin in the period of 48.2% was slightly ahead of the prior year (2017: 47.4%) with a strong focus in the principal Sports Fashion businesses on avoiding unnecessary reactive discounting in response to competitor activity when our offer is well differentiated. As noted earlier, margins in our own brand ranges also benefitted from favourable rates achieved on foreign exchange hedging contracts.

Operating Profit

Operating profit for the period increased by 20% to £123.9 million (2017: £103.3 million) following a further excellent performance in our Sports Fashion fascias. This includes a profit of £4.8m from Finish Line.

There were no exceptional charges in the period (2017: £nil).

Cash & Working Capital

On 29 May 2018, the Group agreed a new syndicated committed £400 million bank facility which has a term of five years. This facility replaces the previous syndicated committed facility of £215 million. The new facility, together with the ongoing strong cash generation in our core retail fascias has been used to fund the significant investments that we have made in the period on both acquisitions, principally Finish Line with a consideration of £400.5 million before net cash acquired of £28.3 million, and capital expenditure with the gross spend in the period (excluding disposal costs) increasing to £91.4 million (2017: £76.3 million). Consequent to these significant investments, there was net debt at the end of the period of £85.1 million (2017: net cash £222.7 million).

The primary focus of our capital expenditure remains our retail fascias with a spend in the period of £44.0 million (2017: £40.3 million) with the spend on our international businesses increasing to £24.9 million (2017: £20.5 million). Elsewhere, the programme of works to fit out the 352,000 square foot extension to our Kingsway warehouse facility is ongoing with total spend in the period at the site of £28.5 million (2017: £10.2 million).

We currently expect the capital expenditure for the full year to be approximately £185 million. In addition, we will use our cash resources and new syndicated bank facility to make selected acquisitions and investments where they benefit our strategic development.

Net stocks of £824.1 million have increased substantially relative to the prior year (2017: £414.3 million) principally as a result of stocks in the recently acquired businesses including £270.3 million at Finish Line and £31.5 million at Sport Zone. We maintain a robust approach to stock management with continuous intense monitoring of very detailed metrics.

Dividends and Earnings per Ordinary Share

The Board proposes paying an interim dividend of 0.27p (2017: 0.26p) per ordinary share, an increase of 4%. This dividend will be paid on 4 January 2019 to shareholders on the register at 30 November 2018. We continue to believe that it is in the longer term interests of all shareholders to keep dividend growth restrained so as to maximise the available funding for our ongoing growth opportunities.

The basic and adjusted* earnings per ordinary share have increased by 24% to 10.05p (2017: 8.09p).

People

The commitment of our employees is crucial to our success and I would like to thank everyone in our businesses for their support in delivering another set of excellent results. The increasingly global scale of our Group provides a variety of opportunities for our colleagues to develop their individual careers and we are committed to supporting them to achieve their ambitions and to give them the quality of employment that reflects the significant contribution that they make.

Given the growth opportunities available to the Group, particularly with respect to our international development, we will continue to look to strengthen our senior management team where appropriate.

Current Trading and Outlook

Sales to date in the second half have continued at similar levels to those in the first half supporting our continued confidence in the robustness of the JD proposition. We remain confident that we are well positioned to deliver an outturn in line with current market expectations which, including a part year from Finish Line, range from £337 million to £345 million and we also remain encouraged by our prospects for future growth.

We will next provide an update on trading in early January after our key Christmas trading period.

Peter Cowgill
Executive Chairman
11 September 2018

“Encouraging total like for like sales growth of more than 3% achieved against a backdrop of widely reported retail challenges in the UK.”

Peter Cowgill

Financial Statements

For the 26 weeks to 4 August 2018

	Note	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Revenue		**1,846.3**	1,367.2	3,161.4
Cost of sales		**(956.4)**	(718.6)	(1,629.8)
Gross profit		**889.9**	648.6	1,531.6
Selling and distribution expenses - normal		**(674.9)**	(487.1)	(1,080.5)
Administrative expenses – normal		**(92.7)**	(59.1)	(144.7)
Administrative expenses – exceptional	3	**-**	-	(12.9)
Administrative expenses		**(92.7)**	(59.1)	(157.6)
Other operating income		**1.6**	0.9	2.4
Operating profit		**123.9**	103.3	295.9
Before exceptional items		**123.9**	103.3	308.8
Exceptional items	3	**-**	-	(12.9)
Operating profit		**123.9**	103.3	295.9
Financial income		**0.5**	0.3	0.6
Financial expenses		**(2.5)**	(0.9)	(2.0)
Profit before tax		**121.9**	102.7	294.5
Income tax expense	4	**(26.5)**	(21.6)	(58.1)
Profit for the period		**95.4**	81.1	236.4
Attributable to equity holders of the parent		**97.8**	78.7	231.9
Attributable to non-controlling interest		**(2.4)**	2.4	4.5
		95.4	81.1	236.4
Basic earnings per ordinary share	6	**10.05p**	8.09p	23.83p
Diluted earnings per ordinary share	6	**10.05p**	8.09p	23.83p

Condensed Consolidated Statement of Comprehensive Income

For the 26 weeks to 4 August 2018

	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Profit for the period	**95.4**	81.1	236.4
Other comprehensive income:			
Items that may be classified subsequently to the Consolidated Income Statement:			
Exchange differences on translation of foreign operations	**10.8**	6.7	6.4
Total other comprehensive income for the period	**10.8**	6.7	6.4
Total comprehensive income and expense for the period (net of income tax)	**106.2**	87.8	242.8
Attributable to equity holders of the parent	**106.9**	85.5	237.1
Attributable to non-controlling interest	**(0.7)**	2.3	5.7
	106.2	87.8	242.8

As at 4 August 2018

	As at 4 August 2018 £m	As at 29 July 2017 £m	As at 3 February 2018 £m
Assets			
Intangible assets	**410.8**	189.5	211.0
Property, plant and equipment	**497.8**	276.8	376.9
Other assets	**74.9**	44.4	66.5
Total non-current assets	**983.5**	510.7	654.4
Inventories	**824.1**	414.3	478.0
Trade and other receivables	**217.3**	138.4	146.3
Cash and cash equivalents	**243.4**	263.7	347.5
Total current assets	**1,284.8**	816.4	971.8
Total assets	**2,268.3**	1,327.1	1,626.2
Liabilities			
Interest-bearing loans and borrowings	**(187.6)**	(37.1)	(26.8)
Trade and other payables	**(837.2)**	(546.4)	(623.2)
Provisions	**(1.2)**	(0.6)	(2.1)
Income tax liabilities	**(30.1)**	(23.4)	(30.2)
Total current liabilities	**(1,056.1)**	(607.5)	(682.3)
Interest-bearing loans and borrowings	**(140.9)**	(3.9)	(11.0)
Other payables	**(139.7)**	(54.8)	(91.5)
Provisions	**(1.9)**	(1.1)	(1.8)
Deferred tax liabilities	**(10.8)**	(7.8)	(5.3)
Total non-current liabilities	**(293.3)**	(67.6)	(109.6)
Total liabilities	**(1,349.4)**	(675.1)	(791.9)
Total assets less total liabilities	**918.9**	652.0	834.3
Capital and reserves			
Issued ordinary share capital	**2.4**	2.4	2.4
Share premium	**11.7**	11.7	11.7
Retained earnings	**855.4**	609.4	773.6
Other reserves	**(8.4)**	1.6	(17.3)
Total equity attributable to equity holders of the parent	**861.1**	625.1	770.4
Non-controlling interest	**57.8**	26.9	63.9
Total equity	**918.9**	652.0	834.3

For the 26 weeks to 4 August 2018

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Other equity £m	Foreign currency translation reserve £m	**Total equity attributable to equity holders of the parent £m**	Non-controlling interest £m	**Total equity £m**
Balance at 3 February 2018	2.4	11.7	773.6	(33.8)	16.5	**770.4**	63.9	**834.3**
Profit for the period	-	-	97.8	-	-	**97.8**	(2.4)	**95.4**
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	9.1	**9.1**	1.7	**10.8**
Total other comprehensive income	-	-	-	-	9.1	**9.1**	1.7	**10.8**
Total comprehensive income for the period	-	-	97.8	-	9.1	**106.9**	(0.7)	**106.2**
Dividends to equity holders	-	-	(13.3)	-	-	**(13.3)**	(0.1)	**(13.4)**
Acquisition of non-controlling interest	-	-	(2.7)	-	-	**(2.7)**	(5.2)	**(7.9)**
Non-controlling interest arising on acquisition	-	-	-	(0.2)	-	**(0.2)**	(0.1)	**(0.3)**
Balance at 4 August 2018	**2.4**	**11.7**	**855.4**	**(34.0)**	**25.6**	**861.1**	57.8	918.9

For the 26 weeks to 29 July 2017

	Ordinary share capital £m	Share premium £m	Retained earnings £m	Treasury reserve £m	Other equity £m	Foreign currency translation reserve £m	**Total equity attributable to equity holders of the parent £m**	Non-controlling interest £m	**Total equity £m**
Balance at 28 January 2017	2.4	11.7	543.3	(15.9)	(0.5)	11.2	**552.2**	26.6	**578.8**
Profit for the period	-	-	78.7	-	-	-	**78.7**	2.4	**81.1**
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	-	-	-	6.8	**6.8**	(0.1)	**6.7**
Total other comprehensive income	-	-	-	-	-	6.8	**6.8**	(0.1)	**6.7**
Total comprehensive income for the period	-	-	78.7	-	-	6.8	**85.5**	2.3	**87.8**
Dividends to equity holders	-	-	(12.7)	-	-	-	**(12.7)**	(0.6)	**(13.3)**
Acquisition of non-controlling interest	-	-	0.1	-	-	-	**0.1**	(1.3)	**(1.2)**
Non-controlling interest arising on acquisition	-	-	-	-	-	-	**-**	(0.1)	**(0.1)**
Balance at 29 July 2017	2.4	11.7	609.4	(15.9)	(0.5)	18.0	**625.1**	26.9	**652.0**

For the 26 weeks to 4 August 2018

		26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Cash flows from operating activities				
Profit for the period		95.4	81.1	236.4
Income tax expense	4	26.5	21.6	58.1
Financial expenses		2.5	0.9	2.0
Financial income		(0.5)	(0.3)	(0.6)
Depreciation and amortisation of non-current assets		47.9	33.9	71.3
Forex (gains) / losses on monetary assets and liabilities		(0.5)	(1.3)	2.2
Impairment of non-current assets		0.3	1.5	5.1
Loss / (profit) in disposal of non-current assets		1.0	(0.6)	1.6
Other exceptional items		-	-	1.3
Impairment of intangible assets		-	-	11.6
Increase in inventories		(78.1)	(65.9)	(79.0)
Increase in trade and other receivables		(26.3)	(19.6)	(22.1)
Increase in trade and other payables		37.2	62.4	110.7
Interest paid		(2.5)	(0.9)	(2.0)
Income taxes paid		(27.3)	(32.5)	(57.8)
Net cash from operating activities		75.6	80.3	338.8
Cash flows from investing activities				
Interest received		0.5	0.3	0.6
Proceeds from sale of non-current assets		0.2	6.6	6.7
Investment in software development		(5.1)	(1.3)	(4.5)
Acquisition of property, plant and equipment		(84.6)	(70.9)	(169.3)
Acquisition of non-current other assets		(1.7)	(4.1)	(12.8)
Acquisition of subsidiaries, net of cash acquired		(380.0)	(1.7)	(24.9)
Net cash used in investing activities		(470.7)	(71.1)	(204.2)
Cash flows from financing activities				
Drawdown / (repayment) of interest-bearing loans and borrowings	9	134.8	(15.9)	(11.4)
Repayment of finance lease liabilities	9	(0.7)	(0.2)	(0.5)
Drawdown of finance lease liabilities	9	5.1	3.3	3.3
Drawdown of syndicated bank facility	9	150.0	-	-
Equity dividends paid		-	-	(15.2)
Dividends paid to non-controlling interest in subsidiaries		(0.1)	(0.6)	(8.8)
Net cash provided by / (used in) financing activities		289.1	(13.4)	(32.6)
Net (decrease) / increase in cash and cash equivalents	9	(106.0)	(4.2)	102.0
Cash and cash equivalents at the beginning of the period	9	334.6	234.4	234.4
Foreign exchange gains / (losses) on cash and cash equivalents		1.2	0.5	(1.8)
Cash and cash equivalents at the end of the period	9	229.8	230.7	334.6

1. Basis of Preparation

JD Sports Fashion Plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The half year financial report for the 26 week period to 4 August 2018 represents that of the Company and its subsidiaries (together referred to as the 'Group').

This half year financial report is an interim management report as required by DTR 4.2.3 of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority and was authorised for issue by the Board of Directors on 11 September 2018.

The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. The annual financial statements of the Group are prepared in accordance with IFRS's as adopted by the EU. The comparative figures for the 53 week period to 3 February 2018 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's Auditor and delivered to the Registrar of Companies. The Report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The information contained in the half year financial report for the 26 week period to 4 August 2018 and 29 July 2017 has been reviewed and the independent review report for the 26 week period to 4 August 2018 is set out on page 33.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the half year financial report has been prepared by applying the same accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 53 week period to 3 February 2018.

Adoption of New and Revised Standards
The Group continues to monitor the potential impact of other new standards and interpretations which have been or may be endorsed and require adoption by the Group in future reporting periods.

IFRS 9 & IFRS 15
IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' have been adopted by the Group in the period with no significant impact on the consolidated results or financial position of the Group.

IFRS 16
IFRS 16 'Leases' will be applicable to the Group for the financial year ending 1 February 2020 and will significantly affect the presentation of the Group financial statements with the Group recognising a right-of-use asset and a lease liability for all leases currently accounted for as operating leases, with the exception of leases for short periods (less than 12 months) and those for items of low value. IFRS 16 is also expected to have a material impact on key components within the Consolidated Income Statement as operating lease rental charges will be replaced with depreciation and finance costs.

IFRS 16 allows for two different transition approaches, fully retrospective and modified retrospective. Both approaches will impact the income statement, balance sheet and disclosure when adopted including the opening balance sheet, although the amounts will differ depending on the approach taken. There will be no impact on cash flows, although the presentation of the Cash Flow Statement will change significantly, with an increase in cash flows from operating activities being offset by an increase in cash flows from financing activities. The Group intends to apply the modified retrospective approach on transition and is in the process of collating the relevant data. The Group has selected a new IT system to assist with the calculations and disclosure and will continue to establish relevant processes and accounting policies.

Given the complexities of IFRS 16 and the material sensitivity to key assumptions, such as discount rates, it is not yet practicable to fully quantify the effect of IFRS 16 on the financial statements of the Group.

Other
The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Alternative Performance Measures
The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the underlying performance of the Group. Alternative performance measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items, which could distort the understanding of the performance for the period. Further information can be found in the Glossary on page 36.

1. Basis of Preparation (continued)

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 53 week period to 3 February 2018 with the exception of the provisional fair value adjustments to the Finish Line acquisition which includes significant estimates that may be refined in the second half of the financial period.

Risks and Uncertainties
The Board has considered the risks and uncertainties for the remaining 26 week period to 2 February 2019 and determined that the risks presented in the Annual Report and Accounts 2018, noted below, remain relevant:

- Key suppliers and brands
- Protection of intellectual property
- Retail property factors
- Seasonality of sales
- Economic factors
- Reliance on non-UK manufacturers
- Brexit
- Reliance on IT systems
- Cyber security
- Reliance on a consolidated warehouse
- Retention of key personnel
- Health and safety
- Foreign exchange risk
- Regulatory and compliance

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

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

2. Segmental Analysis

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

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

- Sports Fashion – includes the results of JD Sports Fashion Plc, John David Sports Fashion (Ireland) Limited, Spodis SA, Champion Sports Ireland, Iberian Sports Retail Group SL (including subsidiary companies), JD Sports Fashion BV, Sports Unlimited Retail BV, JD Sports Fashion Germany GmbH, JD Sports Fashion SRL, JD Sports Fashion Belgium BVBA, JD Sports Fashion Sweden AB, JD Sports Fashion Denmark ApS, JD Sports Fashion Finland OY, JD Sports Fashion SDN BHD, JD Sports Fashion Korea Inc, JD Sports Fashion India LLP, JD Sports Fashion Holdings Aus Pty (including subsidiary companies), JD Sports Fashion PTE Limited, The Finish Line Inc (including subsidiary companies), Size GmbH, JD Sports Gyms Limited, Duffer of St George Limited, Topgrade Sportswear Limited, Kooga Rugby Limited, Focus Brands Limited (including subsidiary companies), Kukri Sports Limited (including global subsidiary companies), Source Lab Limited, Tessuti Group Limited (including subsidiary companies), Nicholas Deakins Limited, Clothingsites.co.uk Limited, 2Squared Agency Limited, 2Squared Retail Limited, Mainline Menswear Limited, Hip Store Limited, Simon & Simon Fashion Limited, Dantra Limited and Base Childrenswear Limited,

- Outdoor – includes the results of Blacks Outdoor Retail Limited, Tiso Group Limited (including subsidiary companies) and Go Outdoors Topco Limited (including subsidiary companies).

2. Segmental Analysis (continued)

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

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

Intersegment transactions are undertaken in the ordinary course of business on arm's length terms.

The Board consider that certain items are cross divisional in nature and cannot be allocated between the segments on a meaningful basis. Net funding costs and taxation are treated as unallocated reflecting the nature of the Group's syndicated borrowing facilities and its tax group. Drawdowns from the Group's syndicated borrowing facility of £150.0 million (2017: £nil) and liabilities for taxation of £40.9 million (2017: £31.2 million) are included within the unallocated segment.

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

Business Segments

Information regarding the Group's operating segments for the 26 weeks to 4 August 2018 is reported below:

Income statement	Sports Fashion £m	Outdoor £m	**Total £m**
Revenue	1,638.1	208.2	**1,846.3**
Operating profit / (loss) before exceptional items	127.7	(3.8)	**123.9**
Exceptional items	-	-	**-**
Operating profit / (loss)	127.7	(3.8)	**123.9**
Financial income			**0.5**
Financial expenses			**(2.5)**
Profit before tax			**121.9**
Income tax expense			**(26.5)**
Profit for the period			**95.4**

2. Segmental Analysis (continued)

Business Segments (continued)

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	2,086.8	273.8	-	(92.3)	2,268.3
Total liabilities	(1,062.6)	(188.2)	(190.9)	92.3	(1,349.4)
Total segment net assets / (liabilities)	**1,024.2**	**85.6**	**(190.9)**	**-**	**918.9**

The comparative segmental results for the 26 weeks to 29 July 2017 are as follows:

Income statement	Sports Fashion £m	Outdoor £m	**Total £m**
Revenue	1,170.6	196.6	**1,367.2**
Operating profit	103.2	0.1	**103.3**
Financial income			**0.3**
Financial expenses			**(0.9)**
Profit before tax			**102.7**
Income tax expense			**(21.6)**
Profit for the period			**81.1**

Total assets and liabilities	Sports Fashion £m	Outdoor £m	Unallocated £m	Eliminations £m	Total £m
Total assets	1,131.5	285.2	-	(89.6)	1,327.1
Total liabilities	(533.8)	(199.7)	(31.2)	89.6	(675.1)
Total segment net assets / (liabilities)	**597.7**	**85.5**	**(31.2)**	**-**	**652.0**

Geographical Information

The Group's operations are located in the UK, Australia, Belgium, Canada, Denmark, Dubai, Finland, France, Germany, Hong Kong, India, Italy, Malaysia, New Zealand, the Netherlands, Portugal, Republic of Ireland, Singapore, South Korea, Spain, Sweden and the United States of America.

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

Revenue	**26 weeks to 4 August 2018 £m**	**26 weeks to 29 July 2017 £m**
UK	**958.1**	**903.4**
Europe	**601.9**	**399.6**
United States	**180.0**	**-**
Rest of world	**106.3**	**64.2**
	1,846.3	**1,367.2**

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

2. Segmental Analysis (continued)

Business Segments (continued)

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

Non-current assets

	As at 4 August 2018 £m	As at 29 July 2017 £m
UK	369.0	290.5
Europe	316.0	200.8
United States	261.8	-
Rest of world	36.7	19.4
	983.5	510.7

3. Exceptional Items

	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Impairment of goodwill, brand names and fascia names (1)	-	-	11.6
Movement in fair value of put and call options (2)	-	-	1.3
Administrative expenses - exceptional	-	-	12.9

1. The charge in the period to 3 February 2018 relates to the non-cash impairment of the fascia name balance arising in prior years on the acquisition of Next Athleisure Pty Limited and JD Sports Fashion SDN BHD and the impairment of goodwill arising in prior years on the acquisition of Tiso Group Limited.

2. Movement in the fair value of put and call options.

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

4. Income Tax Expense

	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Current tax			
UK Corporation tax at 19% (2018: 19.2%)	26.0	21.2	64.3
Adjustment relating to prior periods	(0.4)	0.7	(1.0)
Total current tax charge	25.6	21.9	63.3
Deferred tax			
Deferred tax (origination and reversal of temporary differences)	0.8	(0.1)	(4.0)
Adjustment relating to prior periods	0.1	(0.2)	(1.2)
Total deferred tax charge / (credit)	0.9	(0.3)	(5.2)
Income tax expense	26.5	21.6	58.1

5. Dividends

After the reporting date the following dividends were proposed by the Directors. The dividends were not provided for at the reporting date.

	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
0.27p per ordinary share (29 July 2017: 0.26p, 3 February 2018: 1.37p)	**2.6**	2.5	13.3

Dividends on Issued Ordinary Share Capital

	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Final dividend of 1.37p (2017: 1.30p) per qualifying ordinary share paid in respect of prior period but not recognised as a liability in that period	13.3	12.7	12.7
Interim dividend of 0.26p per qualifying share paid in respect of the 53 week period to 3 February 2018	-	-	2.5
	13.3	12.7	15.2

6. Earnings Per Ordinary Share

Basic and Diluted Earnings per Ordinary Share

The calculation of basic and diluted earnings per ordinary share at 4 August 2018 is based on the profit for the period attributable to equity holders of the parent of £97.8 million (26 weeks to 29 July 2017: £78.7 million; 53 weeks to 3 February 2018: £231.9 million).

	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Issued ordinary shares at beginning and end of period	**973,233,160**	973,233,160	973,233,160

Adjusted Basic and Diluted Earnings per Ordinary Share

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

	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Profit for the period attributable to equity holders of the parent	**97.8**	**78.7**	231.9
Exceptional items excluding loss on disposal of non-current assets	**-**	**-**	12.9
Tax relating to exceptional items	**-**	**-**	-
Profit for the period attributable to equity holders of the parent excluding exceptional items	**97.8**	**78.7**	244.8
Adjusted basic and diluted earnings per ordinary share	**10.05p**	**8.09p**	25.15p

7. Acquisitions

Current Period Acquisitions

The Finish Line, Inc.
On 18 June 2018, JD Sports Fashion Plc acquired 100% of the issued share capital of The Finish Line, Inc. ('Finish Line') for cash consideration of $558 million (£400.5 million).

Finish Line is one of the largest retailers of premium multibranded athletic footwear, apparel and accessories in the United States ("US"), the largest sportswear market in the world. At acquisition, Finish Line traded from 556 Finish Line branded retail stores across 44 US states and Puerto Rico in addition to a well-established multichannel offering. Finish Line is also the exclusive retailer of athletic shoes, both in-store and online for Macy's, one of the US' premier retailers, operating 375 branded and more than 150 small unbranded concessions within Macy's stores.

Included within the provisional fair value of the net identifiable assets on acquisition is an intangible asset of £71.0 million, representing the Finish Line fascia name. The Board believes that the excess of consideration paid over the net assets on acquisition of £96.0 million is best considered as goodwill on acquisition representing future operating synergies. The provisional goodwill calculation is summarised below:

	Book Value £m	Measurement adjustments £m	Provisional fair value at 4 August 2018 £m
Acquiree's net assets at acquisition date:			
Intangible assets	25.0	71.0	**96.0**
Property, plant and equipment	71.7	-	**71.7**
Inventories	274.2	(5.8)	**268.4**
Cash and cash equivalents	28.3	-	**28.3**
Trade and other receivables	43.2	-	**43.2**
Income tax liabilities	(1.5)	-	**(1.5)**
Deferred tax assets / (liabilities)	7.0	(11.6)	**(4.6)**
Trade and other payables - current	(139.8)	(5.5)	**(145.3)**
Trade and other payables - non-current	(31.7)	(20.0)	**(51.7)**
Net identifiable assets	276.4	28.1	**304.5**
Goodwill on acquisition			**96.0**
Total consideration - satisfied in cash			**400.5**

The provisional goodwill calculation in the table above includes significant estimates that may be refined in the second half of the financial period.

Included in the 26 week period ended 4 August 2018 is revenue of £180.0 million and a profit before tax of £3.5 million in respect of Finish Line.

Base Childrenswear Limited & Streamdata Limited
On 11 May 2018, JD Sports Fashion Plc acquired 80% of the issued share capital of Base Childrenswear Limited and 100% of its sister company, Streamdata Limited, for cash consideration of £0.2 million. Base Childrenswear operates as a retailer of premium children's fashion apparel and footwear with five stores and a trading website. The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £0.7 million is best considered as goodwill representing future operating synergies.

Included in the 26 week period ended 4 August 2018 is revenue of £1.9 million and a loss before tax of £0.1 million in respect of these companies.

Other Acquisitions
During the period, the Group has made several small acquisitions, including increasing its shareholding in two non-wholly owned subsidiaries. These transactions were not material.

7. Acquisitions (continued)

Prior Period Acquisitions

JD Sports Fashion Korea Inc.
On 14 September 2017, the Group acquired an initial 15% of the issued ordinary share capital of J&S Partners Inc. for cash consideration of 8.1 billion South Korean Won (KRW) (£5.4 million). As part of the joint venture agreement, the Group had a call option, exercisable at the Group's discretion, to acquire a further 35% of the share capital. This was subsequently exercised on 13 April 2018.

J&S Partners Inc. subsequently changed its company name to JD Sports Fashion Korea Inc. and at the date of acquisition operated 24 multibranded Hot-T stores and a trading website. During the current financial period 12 of the Hot-T stores have been rebranded as JD stores. It is the Group's current intention to re-fascia the remaining Hot-T stores as JD.

The period in which the call option could be exercised commenced in October 2017. The Group concluded, in accordance with IFRS 10, that the Group had 'deemed control' and therefore had the ability to control the entity from the point at which the Group had the right to exercise the option, being October 2017. The Group has therefore included the results of the entity in the consolidated financial statements of the Group.

The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £2.9 million is best considered as goodwill on acquisition representing anticipated future operating synergies. The provisional goodwill calculation is summarised below:

	Book Value £m	Measurement adjustments £m	**Provisional fair value at 4 August 2018 £m**
Acquiree's net assets at acquisition date:			
Property, plant and equipment	4.8	(1.9)	**2.9**
Other non-current assets	13.9	-	**13.9**
Inventories	9.2	(0.4)	**8.8**
Trade and other receivables	0.5	-	**0.5**
Trade and other payables	(3.5)	-	**(3.5)**
Interest bearing loans and borrowings	(5.8)	-	**(5.8)**
Net identifiable assets	19.1	(2.3)	**16.8**
Non-controlling interest	(16.3)	2.0	**(14.3)**
Goodwill on acquisition			**2.9**
Consideration paid - satisfied in cash			**5.4**

No measurement adjustments have been made to the fair values in the 26 week period ended 4 August 2018.

SDSR - Sports Division SR, S.A. ('Sport Zone Portugal')
On 31 January 2018, JD Sports Fashion Plc completed the acquisition of Sport Zone Portugal resulting in the combination of its existing interests across Iberia with those of Sport Zone in Portugal, Spain and the Canary Islands.

The Group acquired, via its 50% subsidiary Iberian Sports Retail Group SL, 100% of the issued share capital of SDSR - Sports Division SR, S.A. ('Sport Zone Portugal') for cash consideration of £1.6 million and 30% of the issued share capital in Iberian Sports Retail Group SL with a fair value of £61.1 million. Included within the 30% of the issued share capital was the 24.95% of shares of Iberian Sports Retail Group SL that were held in the Treasury Reserve.

Sport Zone Portugal owns 100% of the issued share capital of Sport Zone Espana, Comercio de Articulos de Deporte S.A ('Sport Zone Spain') and 60% of the issued share capital of Sport Zone Canarias (SL) ('Sport Zone Canaries'). Sport Zone is a well-established and leading multibranded sports retailer in Portugal, with a presence in mainland Spain and the Canary Islands. Sport Zone offers a multisport product range with a wide apparel, footwear, accessories and equipment offering.

Included within the fair value of the net identifiable assets on acquisition are intangible assets of £13.1 million; £9.2 million representing the 'Sport Zone' fascia name and £3.9 million of Sport Zone exclusive brands.

7. Acquisitions (continued)

Prior Period Acquisitions (continued)

The Board believes that the excess of cash consideration paid over the net assets on acquisition of £17.0 million is best considered as goodwill on acquisition representing anticipated future operating synergies. The provisional goodwill calculation is summarised below:

The fair value measurement adjustment to inventories has been increased by £2.3m in the period to 4 August 2018.

	Book Value £m	Measurement adjustments £m	**Provisional fair value at 4 August 2018 £m**
Acquiree's net assets at acquisition date:			
Intangible assets	-	13.1	**13.1**
Property, plant and equipment	39.7	(6.2)	**33.5**
Other non-current assets	1.2	-	**1.2**
Inventories	43.0	(4.3)	**38.7**
Cash and cash equivalents	4.8	-	**4.8**
Trade and other receivables	5.0	-	**5.0**
Income tax assets	0.2	-	**0.2**
Deferred tax assets / (liabilities)	5.3	(7.5)	**(2.2)**
Trade and other payables - current	(38.1)	(1.9)	**(40.0)**
Trade and other payables - non current	(0.9)	-	**(0.9)**
Interest bearing loans and borrowings	(6.9)	-	**(6.9)**
Net identifiable assets	53.3	(6.8)	**46.5**
Non-controlling interest (40% of Sport Zone Canaries (SL))	(0.9)	0.1	**(0.8)**
Goodwill on acquisition			**17.0**
Consideration paid - satisfied in cash			**1.6**
Consideration paid - fair value of shares in Iberian Sports Retail Group			**61.1**
Total consideration			**62.7**

Ben Dunne Gyms (UK) Limited
On 28 December 2017, the Group acquired, via its 87.5% owned subsidiary JD Sports Gyms Limited, 100% of the issued ordinary share capital of Ben Dunne Gyms (UK) Limited for cash consideration of £1 assuming £2.0 million of net debt as part of the transaction. Following the acquisition, the company name was changed to JD Sports Gyms Acquisitions Limited. The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £1.0 million is best considered as goodwill representing future operating synergies. No measurement adjustments have been made to the fair values in the 26 week period ended 4 August 2018.

Dantra Limited ('Kids Cavern')
On 1 February 2018, the Group acquired 75% of the issued ordinary share capital of Dantra Limited for cash consideration of £6.3 million. Dantra Limited trades under the fascia name Kids Cavern from three stores and a trading website. The Board believes that the excess of cash consideration paid over the net identifiable assets on acquisition of £4.2 million is best considered as goodwill representing future operating synergies. No measurement adjustments have been made to the fair values in the 26 week period ended 4 August 2018.

Other Acquisitions
During the previous period, the Group has made several small acquisitions, including increasing its shareholding to 100% in two subsidiaries which were previously non-wholly owned. These transactions were not material.

8. Financial Instruments

Fair Value of Financial Instruments
The fair value of put options are calculated by management based on the contractual agreement, board forecasts and an appropriate discount rate in order to calculate present value.

The fair value of forward exchange contracts is calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yield respectively.

For trade and other receivables / payables (as adjusted for the fair value of foreign exchange contracts) and interest bearing loans and borrowings, the notional amount is deemed to reflect the fair value.

Fair Value Hierarchy
As at 4 August 2018, the Group held the following financial instruments carried at fair value on the Statement of Financial Position:

(a) Foreign exchange forward contracts - non-hedged
(b) Put and call options

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

At 4 August 2018	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	32.6	-	**32.6**	-
Trade and other receivables	112.5	-	**112.5**	-
Cash and cash equivalents	243.4	-	**243.4**	-
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	(4.0)	-	**(4.0)**	-
Other financial liabilities				
Interest-bearing loans and borrowings - current	(187.6)	-	**(187.6)**	-
Interest-bearing loans and borrowings - non-current	(140.9)	-	**(140.9)**	-
Trade and other payables - current	(755.5)	-	**(755.5)**	-
Trade and other payables - non-current	(2.8)	-	**(2.8)**	-
Put options held by non-controlling interests	(38.2)	-	**(38.2)**	-

8. Financial instruments (continued)

At 29 July 2017	Carrying amount £m	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	13.9	-	**13.9**	-
Trade and other receivables	74.0	-	**74.0**	-
Cash and cash equivalents	263.7	-	**263.7**	-
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	1.0	-	**1.0**	-
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	(14.1)	-	**(14.1)**	-
Other financial liabilities				
Interest-bearing loans and borrowings - current	(37.1)	-	**(37.1)**	-
Interest-bearing loans and borrowings - non-current	(3.9)	-	**(3.9)**	-
Trade and other payables - current	(480.7)	-	**(480.7)**	-
Trade and other payables - non-current	(3.7)	-	**(3.7)**	-
Put options held by non-controlling interests	(3.4)	-	**(3.4)**	-

At 3 February 2018	**Carrying amount £m**	Level 1 £m	Level 2 £m	Level 3 £m
Loans and receivables				
Deposits	**30.5**	-	30.5	-
Trade and other receivables	**87.6**	-	87.6	-
Cash and cash equivalents	**347.5**	-	347.5	-
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts – non-hedged	**(24.8)**	-	(24.8)	-
Other financial liabilities				
Interest-bearing loans and borrowings - current	**(26.8)**	-	(26.8)	-
Interest-bearing loans and borrowings - non-current	**(11.0)**	-	(11.0)	-
Trade and other payables - current	**(523.9)**	-	(523.9)	-
Trade and other payables - non-current	**(2.2)**	-	(2.2)	-
Put options held by non-controlling interests	**(38.0)**	-	(38.0)	-

9. Analysis of Net Cash

	At 3 February 2018 £m	On acquisition of subsidiaries £m	Cashflow £m	Non-cash movements £m	At 4 August 2018 £m
Cash at bank and in hand	347.5	28.4	(133.7)	1.2	243.4
Overdrafts	(12.9)	-	(0.7)	-	(13.6)
Cash and cash equivalents	**334.6**	**28.4**	**(134.4)**	**1.2**	**229.8**
Interest-bearing loans and borrowings:					
Bank loans	(20.8)	(0.8)	(135.0)	-	(156.6)
Syndicated bank facility	-	-	(150.0)	-	(150.0)
Finance lease liabilities	(3.8)	-	(4.4)	-	(8.2)
Other loans	(0.3)	-	0.2	-	(0.1)
Total interest-bearing loans and borrowings	**(24.9)**	**(0.8)**	**(289.2)**	**-**	**(314.9)**
	309.7	**27.6**	**(423.6)**	**1.2**	**(85.1)**

10. Related Party Transactions and Balances

Transactions and balances with related parties during the period are shown below. Transactions were undertaken in the ordinary course of business on an arm's length basis. Outstanding balances are unsecured (unless otherwise stated) and will be settled in cash.

During the period, the Group entered into the following transactions with related parties who are not members of the Group.

	Income from related parties 26 weeks to 4 August 2018 £m	Expenditure with related parties 26 weeks to 4 August 2018 £m	Income from related parties 26 weeks to 29 July 2017 £m	Expenditure with related parties 26 weeks to 29 July 2017 £m
Pentland Group Plc				
Sale of inventory	-	-	0.3	-
Purchase of inventory	-	(16.0)	-	(10.4)
Royalty costs	-	(1.0)	-	(1.0)
Other income	0.2	-	0.3	-

	Amounts owed by related parties 2018 £m	Amounts owed to related parties 2018 £m	Amounts owed by related parties 2017 £m	Amounts owed to related parties 2017 £m
Pentland Group Plc				
Trade receivables / (payables)	-	(0.7)	0.1	(1.0)

Pentland Group Plc owns 57.5% (2017: 57.5%) of the issued ordinary share capital of JD Sports Fashion Plc. The Group made purchases from Pentland Group Plc in the period and paid royalties for the use of a brand. The other income represents payments received for statutory reporting fees, marketing contributions and contractor fees.

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;

- The interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial statements; and a description of principal risks and uncertainties for the remaining 26 weeks of the year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Brian Small
Chief Financial Officer

Hollinsbrook Way
Pilsworth
Bury
Lancashire
BL9 8RR
11 September 2018

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the period ended 4 August 2018 which comprises a Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the period ended 4 August 2018 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Mick Davies
for and on behalf of KPMG LLP

Chartered Accountants
1 St. Peter's Square
Manchester
M2 3AE

11 September 2018

Group Information

Financial Calendar

Interim Results Announced	**11 September 2018**
Interim Dividend Record Date	**30 November 2018**
Interim Dividend Payable	**4 January 2019**
Period End (52 weeks)	**2 February 2019**
Final Results Announced	**April 2019**

Shareholder Information

Registered office
JD Sports Fashion Plc
Hollinsbrook Way
Pilsworth
Bury
Lancashire BL9 8RR

Company number
Registered in England
and Wales
Number 1888425

Financial advisers and stockbrokers
Investec Bank plc
30 Gresham Street
London EC2V 7QP

Financial public relations
MHP Communications
60 Great Portland Street
London W1W 7RT

Principal bankers
Barclays Bank Plc
43 High Street
Sutton
Surrey SM1 1DR

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Solicitors
DLA Piper UK LLP
Princes Exchange
Princes Square
Leeds LS1 4BY

Addleshaw Goddard LLP
100 Barbirolli Square
Manchester M2 3AB

Auditor
KPMG LLP
1 St. Peter's Square
Manchester M2 3AE

The Board wishes to express its thanks to the marketing and finance departments for the in-house production of this half-year report.

Glossary

The Directors measure the performance of the Group based on a range of financial measures, including measures not recognised by EU-adopted IFRS. These alternative performance measures may not be directly comparable with other companies' alternative performance measures and the Directors do not intend these to be a substitute for, or superior to, IFRS measures. The Directors believe that these alternative performance measures assist in providing additional useful information on the underlying performance of the Group. Alternative performance measures are also used to enhance the comparability of information between reporting periods, by adjusting for exceptional items, which could distort the understanding of the performance for the year. Terms are listed in alphabetical order.

Adjusted Earnings Per Share

The calculation of basic and diluted earnings per share is detailed in Note 6. Adjusted basic and diluted earnings per ordinary share have been based on the profit for the period attributable to equity holders of the parent for each financial period but excluding the post-tax effect of certain exceptional items. A reconciliation between basic earnings per share and adjusted earnings per share is shown below:

	26 weeks to 4 August 2018	26 weeks to 29 July 2017	53 weeks to 3 February 2018
Basic earnings per share	**10.05p**	8.09p	23.83p
Exceptional items excluding loss on disposal of non-current assets	**-**	-	1.32p
Tax relating to exceptional items	**-**	-	-
Adjusted earnings per share	**10.05p**	8.09p	25.15p

Core

The Group's core Sports Fashion fascia is JD and the Group's core market is the UK and Republic of Ireland.

EBITDA

Earnings (operating profit) before interest, tax, depreciation and amortisation.

LFL (Like for Like) Sales

The percentage change in the year-on-year sales, removing the impact of new store openings and closures in the current or previous financial year.

Operating Profit Before Exceptional Items

A reconciliation between operating profit and exceptional items can be found in the Consolidated Income Statement.

Profit Before Tax and Exceptional Items

A reconciliation between profit before tax and profit before tax and exceptional items is as follows:

	26 weeks to 4 August 2018 £m	26 weeks to 29 July 2017 £m	53 weeks to 3 February 2018 £m
Profit before tax	**121.9**	102.7	294.5
Exceptional items	**-**	-	12.9
Profit before tax and exceptional items	**121.9**	102.7	307.4

JD UK & International
www.jdsports.co.uk
www.jdsports.fr
www.jdsports.nl
www.jdsports.ie
www.jdsports.de
www.jdsports.es
www.jdsports.be
www.jdsports.it
www.jdsports.se
www.jdsports.dk
www.jdsports.fi
www.jdsports.my
www.jd-sports.com.au
www.jdsports.com.sg
www.jdgyms.co.uk
www.size.co.uk
www.sizeofficial.ie
www.sizeofficial.fr
www.sizeofficial.nl
www.sizeofficial.se
www.sizeofficial.de
www.sizeofficial.it
www.sizeofficial.dk
www.footpatrol.co.uk
www.supplyanddemand.co.uk
www.scotlandfootballshop.co.uk
www.walesfootballshop.co.uk
www.northernirelandfootballshop.co.uk

Other UK Fascias
www.scottsmenswear.com
www.tessuti.co.uk
www.mainlinemenswear.co.uk
www.thehipstore.co.uk
www.woodhouseclothing.com
www.bbclothing.co.uk
www.kidscavern.co.uk
www.topgradesportswear.com
www.getthelabel.com
www.kukrisports.com
www.nicholasdeakins.com
www.ellesse.co.uk
www.basefashion.co.uk
www.choicestore.com
www.certifiedlondon.com

Other International Fascias
www.chausport.com
www.sprinter.es
www.sportzone.es
www.sportzone.pt
www.aktiesport.nl
www.perrysport.nl
www.gluestore.com.au
www.finishline.com

Sports Fashion

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www.blacks.co.uk
www.millets.co.uk
www.tiso.com
www.georgefisher.co.uk
www.ultimateoutdoors.com
www.activinstinct.co.uk
www.activinstinct.com.au
www.brasher.co.uk
www.eurohike.co.uk
www.peterstorm.com
www.gooutdoors.co.uk

Outdoor

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www.uksourcelab.com
www.kooga-rugby.com
www.fly53.com
www.peterwerth.co.uk

Non Trading

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