



Date 31 October 2011

JJB Sports Plc

Half yearly results for the 26 weeks to 31 July 2011

Financial highlights

	(Unaudited) 26 weeks to 31 July 2011	(Unaudited) 26 weeks to 1 August 2010	Change
Ongoing operations			
Revenue	£142.4m	£184.0m	(22.6)%
Gross margin	35.8%	42.2%	(6.4)%pts
Operating loss	(£67.7)m	(£24.6)m	(175.2)%
Adjusted operating loss*	(£36.7)m	(£22.5)m	(63.1)%
Loss before taxation	(£66.5)m	(£24.0)m	(177.1)%
Adjusted loss before taxation*	(£35.5)m	(£21.9)m	(62.1)%
Basic loss per share	(22.68)p	(8.17)p	(14.51)p
Net funds	£17.0m	£7.3m	132.9%

* Adjusted operating loss and adjusted loss before taxation are shown before charging various exceptional operating items totalling £31.0 million (2010: £2.1 million) (see note 4), as shown in the Condensed consolidated statement of financial performance.

Summary for the 26 weeks to 31 July 2011

- Better than planned cost savings offset disappointing sales.
- Like for like sales decreased by 17.7%.
- Net funds at 31 July 2011 £17.0 million.
- Turnaround plan making good progress:
 - Closure of 49 CVA stores;
 - Re-laid 86 stores; and
 - Improved basic retail disciplines.
- Overall margin impacted by exceptional clearance activity: excluding clearance, margin strong.
- Significant exceptional costs associated with CVA and restructuring.
- Delivering store development improvements and sourcing new ranges and product.
- Tighter capital investment and improving working capital management in light of poor retail environment.

- Trading conditions remain challenging constraining the pace of recovery.
- Commenting on the interim results, Keith Jones, Chief Executive Officer, said:

"Despite the consumer environment being extremely challenging and expected to remain so for the foreseeable future, our re-sized store portfolio and other cost-saving initiatives have allowed us to manage the business and maintain tight financial controls. Our focus on people and processes is yielding early wins and with the continued hard work from colleagues across the Group, I remain confident of JJB's return to profitability and growth.

Our turnaround plan is now firmly established in the business and good progress has been made in a number of key areas, however there is much still to do.

Our results for the half year have been impacted by the closing of unprofitable stores and the sell-out of old and obsolete stock. Despite the tough trading climate, the business is in better shape than of late and has the opportunity to develop the JJB proposition into a truly authentic sports retailer over the next few years."

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A copy of this press release can also be viewed on the JJB Sports plc corporate website,
www.jjbcorporate.co.uk.

About JJB Sports

JJB Sports plc (JJB: LSE) is one of the UK's leading sports retailers. The Group is headquartered in Wigan and listed on the AIM, trades from 195 JJB branded retail stores in the UK and Ireland and employs over 4,500 people (as at 31 October 2011). Further information about the Group can be found on the Group's corporate website, www.jjbcorporate.co.uk.

JJB Sports plc

Half yearly results for the 26 weeks to 31 July 2011

Operating review

During the first half of the year your Board was primarily focussed on ensuring the business survived and was able to develop and begin implementing a credible turnaround plan. As we have previously communicated to you, in order to stabilise the Group's financial position we successfully completed two capital raisings, a Company Voluntary Arrangement ("CVA"), a Capital Reorganisation, a transfer to the Alternative Investment Market ("AIM") and an extension of the Group's banking facilities.

Our Strategy – progress to date

We have made good progress in implementing our turnaround plan. Our progress in each of the key areas has been as follows:

- ***Rightsizing the store portfolio through implementation of the CVA.*** We have successfully implemented the first phase of our plan with all but 2 of the 43 stores identified for closure within 12 months now closed, of which to date 7 have been surrendered to the landlords for an annualised rent saving of £2.1 million. Of the remaining first period compromise leases, rents continue to be paid on a reduced basis of 50 per cent of the contractual liability (plus 5 per cent dilapidations and full service charge) until April 2012. Of the remaining 46 stores within the second period compromised leases, which are scheduled to be closed between April 2012 and April 2013, 8 stores have currently been surrendered to the landlords as at 31 October 2011, generating an annualised rent saving of £2.1 million. Again rents for the remainder of these stores are payable at 50 per cent of the contractual liability (plus 5 per cent dilapidations and service charges) and will continue to be paid until April 2013. Progress has also been made in extinguishing the rates liabilities on the CVA stores. To date ongoing annualised rates savings of approximately £3.2 million have been achieved. Overall we estimate this will have saved approximately £8 million in negative contribution and a further £5million of working capital.
- ***Aligning the Company's cost base and working capital management.*** We have secured significant cost savings, across all key business functions. Warehouse and distribution costs have reduced by £1.2 million in the period, with estimated annualised savings in excess of £4.5 million now identified as compared to the £3.5 million shown in the Prospectus dated 6 April 2011 (the "Prospectus"), with further opportunities identified beyond the original target. We also targeted annualised savings in respect of core store wages of £3.3 million. Through better deployment of our colleagues particularly at peak trading periods we have achieved savings of £2.0 million in H1, again with estimated annualised savings in excess of our target. Other store costs and central costs have also been reduced on a systematic basis by approximately £1.5 million in H1 through better procurement, improved utilisation and efficiencies and tighter cost control processes, with these estimated to deliver in excess of £3.0 million annualised savings. This compares to an original estimate of £2.4 million on an annualised basis. In addition, the business continues to prudently manage its investment in working capital and has targeted an acceleration of the original benefits included in the Prospectus through a range of stock efficiency initiatives.
- ***Improving the basic retail disciplines.*** We have made significant progress in improving the basic retail disciplines in our business. During the period under review we have been defining and implementing key processes and systems, and identifying and recruiting new talent particularly to our buying, merchandising, marketing and multi-channel functions. We now have clear visibility of intake, improved stock allocation, better stock sell-through, defined clearance capability and improved stock file integrity.

- Store development.** In respect of store development, the Prospectus identified 3 levels of refit activity; basics, refresh and transformation. For FY12 we targeted 133 basics, 14 refresh and 22 transformation. The macroeconomic deterioration in H1 and our current outlook has led us to protect cash in the short term and our current expectation for FY12 is to complete 103 basics, 8 refresh and 3 transformations. As at 31 October 2011 we have completed 76 basics, 8 refresh stores and 2 transformations, and by 11 November 2011 we expect to have completed 103 basics, 8 refresh stores and 2 transformations, with 1 transformation store scheduled for January 2012. All of the current year transformation stores will benefit from capital incentives from the landlords, so our net capital expenditure in respect of refits is expected to be £1.3 million, a considerable saving on our original estimates. In respect of performance, the 8 refresh stores were 4 per cent better than core on both sales and money margin in the period from 22 August 2011 until 9 October 2011, the 20 basic refit completed by 4 September 2011 were 9 per cent ahead on sales and 6 per cent ahead on money margin from that date to 9 October 2011. In addition the original 6 transformation refits completed in FY11 continued to perform strongly. From 1 November 2010 (the date the last store was opened) until 4 September 2011 (the date when stock discounting commenced prior to refit) sales were 13 per cent ahead of company average and money margin was 22 per cent ahead.
- Continuing to source new ranges and product.** Our own brand development has gained momentum, with the introduction of our swimming range H2O in September 2011, and expansion of our Run 365 footwear range in October 2011. In addition, a number of new own brand exclusives will be launched through the winter and spring. We continue to work closely with our key supplier partners to develop exclusive ranges and propositions. We have developed a number of initiatives such as footwear re-cycling, where in excess of 25,000 training shoes have been re-cycled. Also we have introduced gait analysis into our stores ensuring every customer gets the right shoe for them and their sport.
- Focusing on people, capability and training.** Improving our people capability remains a key objective. To date we have upgraded our Executive team and other support centre functions; 29 per cent of our support centre personnel are new in FY12. Our store retail operations have also been a key focus: we have recruited 12 new store managers externally; completed customer service training for over 3,000 colleagues; graduated 26 colleagues from our "Stepping into Store Management" programme; and trained 150 store managers in sales floor coaching.
- Improving the multi-channel proposition.** We have recruited a new Head of Multi-channel who has strengthened the team who, in turn, have made excellent recent progress in enhancing our proposition including launching a mobile version of the website, introducing Paypal and developing an eBay and Amazon offering. In addition we have enhanced the online customer shopping experience by improving the landing pages, site navigation and significantly improved conversion rates.

Financial review

The first half of this financial year may be characterised into two parts. In the first quarter Management was successfully completing a number of key steps to refinance the business and reduce the cost base through a CVA. Throughout this period the business was constrained in its ability to invest in working capital and as a consequence trading performance suffered, although it was in line with management's expectations. During the second quarter following the re-financing, the business was able to commence its turnaround plan, notably re-balancing and re-investing in stock, establishing the basic retail disciplines, commencing the refit programme, clearing excess and obsolete stock and also ensuring the cost base reflected the ongoing needs of the business. The UK retail environment began to deteriorate during this period and sales were below expectation, however through better margin management and tight cost control the business remained broadly in line with its targets.

For the 26 weeks to 31 July 2011, like for like sales, on stores which have been in operation for over 52 weeks, has decreased by 17.7 per cent compared with the equivalent period the previous year. Total revenue for the 26 weeks to 31 July 2011 is 22.6 per cent below the comparative period.

The comparative period's trading included the benefit of the football World Cup. Excluding the World Cup impact like for like sales performance for the half year would have been (10.7) per cent. As our turnaround plan gained traction most product categories showed improvement, however one exception was football where previous poor buying led to availability issues and consequent poor performance. Excluding the football category, like for like sales were (5.5) per cent.

Gross margin percentage for the 26 weeks to 31 July 2011 was 35.8 per cent, down by 6.4 percentage points on the comparative period. Gross margin performance has been adversely impacted by the requirement to clear obsolete and excess stock as well as the mix of product attributable to the World Cup. Excluding these factors the underlying margin was 48.5 per cent.

Operating costs before exceptional items for the 26 weeks to 31 July 2011 have decreased by 12.1 per cent to £88.6 million from £100.8 million. Exceptional operating items for the 26 weeks to 31 July 2011 amounted to £31.0 million (see note 4).

Net loss before taxation and exceptional items for the 26 weeks to 31 July 2011 amounted to £35.5 million (2010: £21.9 million). Net loss before taxation for the 26 weeks to 31 July 2011 amounted to £66.5 million (2010: £24.0 million).

There is no taxation charge or credit due to the continuing losses.

Capital expenditure on property, plant and equipment during the 26 weeks to 31 July 2011 was £1.1 million compared to £1.7 million in the comparative period.

The value of inventories was £69.5 million at 31 July 2011, (30 January 2011 £52.7 million), compared to £92.7 million at 1 August 2010.

Net funds at 31 July 2011 amounted to £17.0 million compared to £7.3 million at 1 August 2010 and net debt of £18.8 million at 30 January 2011.

At 31 July 2011, the Group operated from 202 stores. The retail stores contained 2.3 million square feet of retail space compared to a total of 247 retail stores in operation at 30 January 2011, containing 2.7 million square feet of retail space.

Our Board, Executive Management and colleagues

As we have previously announced there have been a number of Board changes during the period under review. We are delighted that both Richard Bernstein and Lawrence Christensen either have or will shortly join the Board.

Richard Manning and Alan Benzie left the Board following our AGM in July 2011 and again I would like to thank them for their contribution to the business.

We continue to strengthen our Executive team and welcome Alison Broadhurst as Trading Director and Claire Bayliss as Marketing Director. Since joining on 4 July 2011, both Alison and Claire have made a tremendous contribution to the achievement of our strategic objectives.

We would also like to thank our colleagues for their continuing support and commitment.

Current trading and outlook

UK retail market conditions worsened towards the end of the Group's second quarter and this put pressure on the Group's sales performance. As a consequence we re-budgeted for the second half on a lower sales base but with the benefits of additional cost savings. Although the UK retail market remained challenging in August and September results were marginally ahead of the re-budget at the end of these two months despite the performance having deteriorated in the second half of September. Although this was partially weather affected, conditions have not improved during October. As with most retailers, our year-end outturn is dependent on Christmas trading, nevertheless if current trading conditions continue our year-end outturn is likely to be worse than our base-budget indicates.

The poor macroeconomic environment and ensuing low levels of consumer confidence continue to adversely impact the UK retail market and are likely to do so for some considerable time. As a consequence we are continuously reviewing the performance of our business. In the coming months the business faces a number of critical trading periods: the upcoming Christmas trading period, the January sale period, the European Football Championships and the Olympics. Whilst they all provide opportunity, we must be mindful the business is still in the midst of its turnaround activity and although significant progress has been made we are far from the finished article and hence remain vulnerable to the potential impact of the adverse economic conditions.

Having said that we knew the turnaround would be difficult and have made solid progress thus far, yet there remains much to be done. Your team is determined to achieve our objective of re-establishing JJB as an authentic multi-channel sports retailer over the next few years.

Mike McTighe
Chairman
31 October 2011

Keith Jones
Chief Executive Officer
31 October 2011

Principal risks and uncertainties

The Board regularly reviews the internal control environment and continues to identify and review key business risks and oversees the development of processes to ensure that these risks are managed appropriately. Executive Directors and senior management are delegated with the task of implementing these processes; the Executive Directors are charged with reporting to the Board on their outcomes.

The Directors do not consider that the principal risks and uncertainties have changed since the publication of the Annual Report for the 52 week period ended 30 January 2011. The principal risks are: economic conditions; supplier support; competition; and execution of the revised business plan. A detailed explanation of these risks can be found on page 8 of the Annual Report which is available at the Group's corporate website www.jjbcorporate.co.uk.

Going Concern

In light of the continuing adverse economic conditions, the Directors have considered the risks associated with the going concern basis of preparation of these half year financial statements, full details of which are set out in note 2. After making enquiries and considering these risks and potential mitigating actions, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern. As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the half year report.

Cautionary note regarding forward-looking statements

Certain statements included in these results contain forward-looking information concerning the Group's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Group operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Group's control or can be predicted by the Group. Although the Group believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the "Principal Risks and Uncertainties" included in JJB Sports plc's Annual Report and Financial statements for the 52 weeks ended 30 January 2011. Nothing in these results should be construed as a profit forecast and no part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in JJB Sports plc or any other entity, and must not be relied upon in any way in connection with any investment decision. The Group undertakes no obligation to update any forward-looking statements.

The Group has not registered and does not intend to register any securities under the US Securities Act of 1933, as amended (the 'Securities Act'). Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from, or in a transaction not subject to, registration.

Independent Review Report to JJB Sports plc

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the 26 weeks to 31 July 2011 which comprises the condensed consolidated statement of financial performance, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flow and related notes 1 to 16. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company 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. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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 formed.

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 AIM Rules of the London Stock Exchange.

As disclosed in note 2, the Annual Report and Financial Statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

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.

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 United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) 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.

Conclusion

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 26 weeks to 31 July 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

31 October 2011

Condensed consolidated statement of financial performance
For the 26 weeks to 31 July 2011

	Note	(Unaudited) 26 weeks to 31 July 2011 Total £'000	(Unaudited) 26 weeks to 1 August 2010 Total £'000	(Audited) 52 weeks to 30 January 2011 Total £'000
Continuing operations				
Revenue		142,367	184,007	362,894
Cost of sales		(91,354)	(106,443)	(238,020)
Gross profit		51,013	77,564	124,874
Other operating income		881	658	1,848
Distribution expenses		(8,702)	(9,908)	(20,810)
Administration expenses		(11,566)	(10,771)	(24,075)
Selling expenses		(99,300)	(82,179)	(263,649)
Operating loss		(67,674)	(24,636)	(181,812)
Adjusted operating loss		(36,681)	(22,534)	(73,856)
Exceptional items	4	(30,993)	(2,102)	(107,956)
Operating loss		(67,674)	(24,636)	(181,812)
Investment income		84	491	512
Finance costs		(263)	(397)	(1,162)
Fair value on derivative instruments		1,475	1,129	1,919
Debt issue costs		(138)	(546)	(822)
Loss before taxation		(66,516)	(23,959)	(181,365)
Taxation		-	-	-
Loss for the period		(66,516)	(23,959)	(181,365)
Loss per share				
Basic loss per Ordinary Share (pence)	5	(22.68)	(8.17)	(61.83)
Diluted loss per Ordinary Share (pence)	5	(22.33)	(8.17)	(61.83)

Condensed consolidated statement of comprehensive income
For the 26 weeks to 31 July 2011

	(Unaudited) 26 weeks to 31 July 2011 £'000	(Unaudited) 26 weeks to 1 August 2010 £'000	(Audited) 52 weeks to 30 January 2011 £'000
Financial derivative taken directly to equity	(3,500)	-	-
Exchange differences on translation of foreign operations	67	(237)	(662)
Net expense recognised directly in equity	(3,433)	(237)	(662)
Loss after taxation for the period	(66,516)	(23,959)	(181,365)
Total recognised expense for the period	(69,949)	(24,196)	(182,027)

Condensed consolidated statement of changes in equity
For the 26 weeks to 31 July 2011

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Share based payment reserve £'000	Retranslation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 January 2011	32,542	174,055	1,069	(3,083)	2,993	(703)	(162,802)	44,071
Loss for the period	-	-	-	-	-	-	(66,516)	(66,516)
Financial derivative taken directly to equity	-	-	-	-	-	-	(3,500)	(3,500)
Exchange differences on translation of foreign operations	-	-	-	-	-	67	-	67
Total comprehensive income for the period	32,542	174,055	1,069	(3,083)	2,993	(636)	(232,818)	(25,878)
Credit to equity for equity-settled share based payments	-	-	-	-	1,416	-	-	1,416
Firm Placing and Placing and Open Offer 21 February 2011	642	29,392	-	-	-	-	-	30,034
Firm Placing and Placing and Open Offer 27 April 2011	1,624	58,444	-	-	-	-	-	60,068
Exercise of warrants	16	223	-	-	-	-	-	239
Balance at 31 July 2011 (Unaudited)	34,824	262,114	1,069	(3,083)	4,409	(636)	(232,818)	65,879

Condensed consolidated statement of changes in equity
For the 26 weeks to 1 August 2010

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Share based payment reserve £'000	Retranslation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 January 2010	32,542	174,055	1,069	(3,083)	448	(41)	18,563	223,553
Loss for the period	-	-	-	-	-	-	(23,959)	(23,959)
Exchange differences on translation of foreign operations	-	-	-	-	-	(237)	-	(237)
Total comprehensive income for the period	32,542	174,055	1,069	(3,083)	448	(278)	(5,396)	199,357
Credit to equity for equity-settled share based payments	-	-	-	-	982	-	-	982
Balance at 1 August 2010 (Unaudited)	32,542	174,055	1,069	(3,083)	1,430	(278)	(5,396)	200,339

Consolidated statement of changes in equity
For the 52 weeks to 30 January 2011

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Share based payment reserve £'000	Retranslation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 January 2010	32,542	174,055	1,069	(3,083)	448	(41)	18,563	223,553
Loss for the period	-	-	-	-	-	-	(181,365)	(181,365)
Exchange differences on translation of foreign operations	-	-	-	-	-	(662)	-	(662)
Total comprehensive income for the period	32,542	174,055	1,069	(3,083)	448	(703)	(162,802)	41,526
Credit to equity for equity-settled share based payments	-	-	-	-	2,545	-	-	2,545
Balance at 30 January 2011 (Audited)	32,542	174,055	1,069	(3,083)	2,993	(703)	(162,802)	44,071

Condensed consolidated statement of financial position
As at 31 July 2011

		(Unaudited) As at 31 July 2011 £'000	(Unaudited) As at 1 August 2010 £'000	(Audited) As at 30 January 2011 £'000
Non-current assets				
Goodwill		13,796	106,406	13,796
Other intangible assets		19,113	21,288	20,175
Property, plant and equipment		54,622	70,949	64,859
		87,531	198,643	98,830
Current assets				
Inventories		69,537	92,732	52,725
Trade and other receivables		8,042	11,912	9,077
Cash and cash equivalents	6	16,978	13,880	5,859
		94,557	118,524	67,661
Total assets		182,088	317,167	166,491
Current liabilities				
Trade and other payables		(72,202)	(85,854)	(68,384)
Provisions		(14,002)	(7,209)	(6,636)
Derivative financial instruments		(2,485)	(903)	(113)
		(88,689)	(93,966)	(75,133)
Net current assets (liabilities)		5,868	24,558	(7,472)
Non-current liabilities				
Bank loans	6	-	(6,582)	(24,678)
Deferred lease incentives		(11,294)	(13,195)	(11,733)
Provisions		(16,226)	(3,085)	(10,876)
		(27,520)	(22,862)	(47,287)
Total liabilities		(116,209)	(116,828)	(122,420)
Net assets		65,879	200,339	44,071
Capital and reserves				
Share capital	7	34,824	32,542	32,542
Share premium account		262,114	174,055	174,055
Capital redemption reserve		1,069	1,069	1,069
Investment in own shares		(3,083)	(3,083)	(3,083)
Share based payment reserve		4,409	1,430	2,993
Foreign currency translation reserve		(636)	(278)	(703)
Retained losses		(232,818)	(5,396)	(162,802)
Total equity		65,879	200,339	44,071

Condensed consolidated statement of cash flow
For the 26 weeks to 31 July 2011

	(Unaudited) 26 weeks to 31 July 2011 £'000	(Unaudited) 26 weeks to 1 August 2010 £'000	(Audited) 52 weeks to 30 January 2011 £'000
Net cash outflow from operating activities	(52,424)	(49,981)	(71,895)
Cash flows from investing activities			
Interest received	84	491	512
Proceeds on disposal of property, plant and equipment	12	70	155
Purchase of intangible assets	(446)	(616)	(1,100)
Purchase of property, plant and equipment	(1,082)	(1,706)	(4,089)
Net cash used in investing activities	(1,432)	(1,761)	(4,522)
Cash flows from financing activities			
Interest paid	(306)	(276)	(946)
Proceeds from issues of share capital	90,341	-	-
Drawdown of current asset investment	-	168,117	168,117
Settlement of loan notes	-	(168,117)	(168,117)
Net proceeds from bank loans	-	7,000	25,000
Repayment of bank loan	(25,000)	-	-
Net cash from financing activities	65,035	6,724	24,054
Net increase (decrease) in cash and cash equivalents	11,179	(45,018)	(52,363)
Cash and cash equivalents at beginning of period	5,859	58,812	58,812
Effect of foreign exchange rate changes	(60)	86	(590)
Cash and cash equivalents at end of period	16,978	13,880	5,859

Notes to the condensed set of financial statements
For the 26 weeks to 31 July 2011

1. General information

The Group's condensed set of financial statements for the 26 weeks to 31 July 2011 were approved by the Board of Directors on 31 October 2011.

The financial information for the 52 week period ended 30 January 2011 contained herein, does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Copies of the interim report and condensed set of financial statements and the last Annual Report and Financial statements are available from the Company Secretary, JJB Sports plc, Challenge Way, Martland Park, Wigan, WN5 0LD and can each be downloaded or viewed via the Group's corporate website, www.jjbcorporate.co.uk.

2. Accounting policies

The same accounting policies, presentations and methods of computation are followed in the condensed set of financial report and statements as applied in the Group's latest audited Annual Report and Financial statements. The Annual Report and Financial statements of JJB Sports plc are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and were published by the Group on 25 May 2011. The unaudited condensed set of financial statements included in this half year financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Basis of preparation - going concern

In determining the appropriate basis of preparation of the half year report, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future; that is for at least 12 months from the date of signing of this report.

During the period under review the Group has successfully completed a number of key steps to refinance the business and reduce the cost base through a Company Voluntary Arrangement ("CVA"). These steps were fully disclosed in our 2011 Annual Report and Financial statements.

The Company has commenced its turnaround programme and the Operating review provides details of the progress made in its plan, key elements of which are:

- Closure of 41 stores which were identified for closure within one year of the CVA;
- Refitted 86 stores by 31 October 2011;
- Improved the basic retail disciplines in our business, including clearer visibility of intake, improved stock allocation, better stock sell-through and increased stock file integrity;
- Improving our people capability through strengthening our teams and training our colleagues;
- Improving the multi-channel proposition including launching a mobile version of the website and developing an eBay and Amazon offering; and
- Reducing our ongoing costs year on year in the first six months of the current financial year.

Despite these positive changes, at the time of our AGM we announced that the UK retail market continued to be extremely challenging and is likely to remain so for some time. We continue to hold this view and although there is opportunity to deliver growth in the coming critical trading periods of Christmas, January sale, the

European football championships and the London Olympics, the uncertain and volatile outlook in the UK economy results in difficulties in forecasting sales performance in the short and medium term.

The Directors have prepared and reviewed trading and cash flow forecasts as part of their going concern assessment. In making the going concern statement, the Directors are aware that there are inherent uncertainties facing the business, not least that future trading may not be in line with the assumptions in the Group's latest forecasts, the achievability of which is dependent upon:

- the ability of the Group to continue to implement its business recovery turnaround strategy;
- the current macroeconomic environment and its impact on consumers confidence and hence the UK retail sector; and
- the ability of the Group to manage its short term working capital effectively.

In making its going concern statement, the Directors have given consideration to the matters noted above and also to the potential further support from the Group's key Stakeholders should it be required.

The Directors have identified a number of management initiatives that the business could pursue and which they are confident it can achieve to help offset a potential decline in trading including:

- further cost reductions in addition to the current cost reduction programme;
- an improvement in its stockholding and/or extending terms with suppliers;
- management of capital expenditure; and
- the disposal of certain stores or operating units.

The Directors have applied reasonable sensitivities to their trading and cash flow forecasts and after incorporating certain, but not all of the mitigating factors noted earlier in this statement, it shows that the Group would continue to have headroom within its working capital facilities. However, in certain circumstances this would show an erosion of headroom in respect of its stock cover covenant towards the end of the period under review i.e. 12 months from the date of signing of this report. If the Group does face future covenant pressure, it would seek an amendment to its financial covenants. The Group remains in constructive and regular dialogue with its lenders.

After making enquiries and considering the matters described above, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern. As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the half year report. The financial statements do not contain any adjustments that would be required if the Company was not a going concern.

3. Business Segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. There is only one segment following the disposal of the fitness clubs on 25 March 2009, being all the Group's retail operations, and as a result no further disclosure has been included.

Revenues from major products and services and information about major customers

Information regarding the above is required by IFRS 8 (32 and 34) but is not given in these notes because of the nature of the Group's business. The Group's principal activity is that of retailing of a wide range of sports clothing, footwear and equipment, and therefore the disclosure of revenues from major products is not appropriate. As the Group's revenue is derived from sales to the general public, then it has no reliance on any individual major customer.

Geographical segments

Although the Group operates in two geographical segments, the UK and Eire, neither the revenue from sales to external customers nor the value of net assets within Eire represent more than 10 per cent of Group totals.

4. Exceptional items

	(Unaudited) 26 weeks to 31 July 2011 £'000	(Unaudited) 26 weeks to 1 August 2010 £'000	(Audited) 52 weeks to 30 January 2011 £'000
Goodwill impairment	-	-	92,610
Restructuring and reorganisation costs	24,205	1,566	8,108
Net loss on disposal of property, plant and equipment	226	310	582
Impairment of fixed assets of CVA stores	6,816	-	3,841
Other vacant store (release) provision	(254)	350	2,881
Release of deferred lease incentives	-	(124)	(66)
	30,993	2,102	15,346
Total exceptional items	30,993	2,102	107,956

The principal element of the Exceptional items relates to the restructuring and reorganisation costs. The main component of this balance relates to additional provisions following the Group's CVA and restructuring.

5. Loss per share

The calculations of the basic and of adjusted basic loss per Ordinary Share are based on the following data:

	(Unaudited) 26 weeks to 31 July 2011 Loss per share		(Unaudited) 26 weeks to 1 August 2010 Loss per share		(Audited) 52 weeks to 30 January 2011 Loss per share	
	£'000	p	£'000	p	£'000	p
Loss for the purposes of basic loss per Ordinary Share being net loss attributable to equity holders of the parent	(66,516)	(22.68)p	(23,959)	(8.17)p	(181,365)	(61.83)p
Exceptional items	30,993	10.57p	2,102	0.72p	107,956	36.80p
Taxation on exceptional items	-	-	(589)	(0.20)p	(4,278)	(1.46)p
Loss for the purposes of adjusted basic loss per Ordinary Share being net loss attributable to equity holders of the parent before exceptional operating items, net of taxation	(35,523)	(12.11)p	(22,446)	(7.65)p	(77,687)	(26.49)p

The calculation of the diluted loss per Ordinary Share is based on the following data:

	(Unaudited) 26 weeks to 31 July 2011 Loss per share		(Unaudited) 26 weeks to 1 August 2010 Loss per share		(Audited) 52 weeks to 30 January 2011 Loss per share	
	£'000	p	£'000	p	£'000	p
Loss for the purposes of basic loss per Ordinary Share being net loss attributable to equity holders of the parent	(66,516)	(21.90)p	(23,959)	(8.17)p	(181,365)	(61.83)p
Effect of dilutive potential Ordinary Shares: Warrants	(1,300)	(0.43)p	-	-	-	-
Loss for the purposes of diluted loss per Ordinary Share being net loss attributable to equity holders of the parent before effect of dilutive potential Ordinary Shares	(67,816)	(22.33)p	(23,959)	(8.17)p	(181,635)	(61.83)p

	Number of Ordinary Shares (Thousands)			
	(Unaudited) 26 weeks to 31 July 2011 '000	(Unaudited) 26 weeks to 1 August 2010 Restated * '000	(Audited) 52 weeks to 30 January 2011 Restated * '000	
Weighted average number of Ordinary Shares for the purposes of basic loss per Ordinary Share and adjusted basic loss per Ordinary Share	293,313	293,313	293,313	
Effect of dilutive potential Ordinary Shares: Warrants	10,373	-	-	
Weighted average number of Ordinary Shares for the purposes of diluted loss per Ordinary Share	303,686	293,313	293,313	
Basic loss per Ordinary Share	Pence	(22.68)p	(8.17)p	(61.83)p
Diluted loss per Ordinary Share	Pence	(22.33)p	(8.17)p	(61.83)p
Adjusted basic loss per Ordinary Share	Pence	(12.11)p	(7.65)p	(26.49)p

* The number of shares for the purpose of basic loss per Ordinary Share and adjusted basic loss per Ordinary Share has been adjusted retrospectively to take account of the Firm Placing and Placing and Open Offers completed during February and April 2011.

6. Borrowings

Analysis of net funds as at 31 July 2011

	(Audited) At 30 January 2011 £'000	Cash flow £'000	Other non- cash items £'000	(Unaudited) At 31 July 2011 £'000
Cash and cash equivalents	5,859	11,179	(60)	16,978
	5,859	11,179	(60)	16,978
Non-current liability:				
Bank loans	(24,678)	25,000	(322)	-
Net funds (debt)	(18,819)	36,179	(382)	16,978

As at 31 July 2011, the Group's working capital was funded through a £25 million medium term revolving bank credit facility with a maturity date of 31 May 2014.

An Amended Bank of Scotland Facility came into effect on 27 April 2011.

The key terms of the amended Bank of Scotland Facility are as follows:

- The maturity date of the facility was extended to 31 May 2014; and
- An overdraft facility of £7.5 million is contained within the £25 million facility limit.

The Group had not drawn down any of the facility as at 31 July 2011.

In accordance with the terms of the facility from Bank of Scotland, the Company issued warrants to subscribe for 1,128,743 new Ordinary Shares of 50 pence each (restated to take account of the Capital Reorganisation) on 3 June 2009. For a more detailed explanation, please refer to note 23 of the Annual Report and Financial statements for the 52 weeks to 30 January 2011.

7. Share capital

Issued Share Capital

	£'000	Thousands
Allotted, called up and fully paid:		
At 30 January 2011	32,542	65,083
Firm Placing and Placing and Open Offer (February 2011)	642	64,160
Exercise of warrants	15	1,570
Firm Placing and Placing and Open Offer (April 2011)	1,625	162,500
At 31 July 2011	34,824	293,313

The Group has two classes of share, Ordinary Shares and Deferred Shares. The Ordinary Shares carry no right to fixed income and each Ordinary Share carries the right to one vote at general meetings of the Company. The Deferred Shares carry no rights.

Following the First Firm Placing and Placing and Open Offer during February 2011, a Capital Reorganisation was carried out by the Company on a 1 for 10 Ordinary Shares basis (see note 13). The figures above have been restated to take account of the Reorganisation.

The Company has issued Warrants to subscribe for Ordinary Shares to Bank of Scotland, in consideration for the provision of their continuing support (see note 23 of the Annual Report and Financial statements for the 52 weeks to 30 January 2011). The Company issued further Warrants on completion of the First Firm Placing

and Placing and Open Offer to the firm placees participating in the Firm Placing in lieu of any placing commissions and in consideration for, and pro rata to, their binding agreements to subscribe for shares (see note 13).

On 22 March 2011, the Company received notification from GoldenPeaks Capital Partners that it had exercised in full its Warrants in respect of 1,569,517 Ordinary Shares of 1 pence each at an exercise price of 15.25 pence per share. The total subscription proceeds received by the Company as a result were £239,351.

8. Reconciliation of operating loss to net cash outflow from operating activities

	(Unaudited) 26 weeks to 31 July 2011 £'000	(Unaudited) 26 weeks to 1 August 2010 £'000	(Audited) 52 weeks to 30 January 2011 £'000
Operating loss from continuing operations	(67,674)	(24,636)	(181,812)
Adjustments for:			
Depreciation of property, plant and equipment	4,392	4,744	9,269
Amortisation of other intangible assets	1,508	1,698	3,294
Net loss on disposal of property, plant and equipment	226	310	582
Impairment of Goodwill	-	-	92,610
Impairment of fixed assets of CVA stores	6,816	-	3,841
Increase (decrease) in provisions	12,716	(1,443)	5,775
Share based payment reserve	1,416	982	2,545
Bank loan costs	(475)	(125)	(125)
Operating cash flows before movements in working capital	(41,075)	(18,470)	(64,021)
(Increase) decrease in inventories	(16,812)	(24,150)	15,858
Decrease in trade and other receivables	1,609	14,381	15,982
Increase (decrease) in trade and other payables	3,854	(21,932)	(39,904)
Cash used in operations	(52,424)	(50,171)	(72,085)
Taxation received	-	190	190
Net cash outflow from operating activities	(52,424)	(49,981)	(71,895)

9. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed. Transactions between the Group and other related parties do not materially affect the financial position or performance of the Group during the period and are therefore not disclosed.

10. Seasonality of retail operations

Retail sales are more heavily weighted towards the second half of the financial year, with approximately 55 per cent of annual sales occurring from August to January. This is primarily due to replica kit launches and the Christmas period.

11. Office of Fair Trading ("OFT")

As announced on 10 September 2009, the Company has been assisting the OFT with an investigation it is carrying out in the sports retail market. OFT officers visited the Company's offices in Wigan on 10 September 2009 as part of this investigation. The investigation follows an approach that the Company made to the OFT on 30 January 2009 for immunity pursuant to the OFT leniency programme in relation to a suspected agreement or concerted practice to dampen competition in the sports retail market during the period from 8 June 2007 to 25 March 2009, being the period in which the former Chief Executive, Christopher Ronnie, was employed by the Company. On 24 August 2009, the OFT confirmed the grant of a marker for "Type A" immunity to the Company in respect of the suspected cartel activity in the period from 8 June 2007 to 25 March 2009. On 11 August 2011, the Company was informed by the OFT of its provisional decision to close its investigation into alleged anti-competitive conduct in the sports retail sector, and on the 17 October 2011, the Company received notification that the OFT had formally closed the investigation. The OFT have confirmed that JJB's leniency marker will remain on their register indefinitely.

12. Contingent Liabilities

Notwithstanding the grant of the leniency marker (see note 11 above), the Company may still be liable for third party claims that may arise as a direct result of conduct during the period from 8 June 2007 to 25 March 2009. The Directors are of the opinion that the risk of a successful third party claim being made are low and that any financial impact arising from a successful claim is unlikely to be material on the Group.

Accordingly, no provision has been made for potential claims against the Company in these accounts.

13. Firm Placing and Placing and Open Offers

On 2 February 2011, the Company published a prospectus detailing a proposal to raise gross proceeds of £31.5 million through a Firm Placing and Placing and Open Offer involving the issue of 630 million new Ordinary Shares at an issue price of 5 pence per new Ordinary Share. The gross proceeds of £31.5 million were received on 25 February 2011. Full details of the First Firm Placing and Placing and Open Offer are contained within the prospectus published on 2 February 2011.

In conjunction with the First Firm Placing and Placing and Open Offer, the Directors effected a Capital Reorganisation in order to provide the Company with flexibility in relation to its capital structure in the future and to seek to reduce the impact of the volatility in the Company's share price. Under the Capital Reorganisation, all existing Ordinary Shares were subdivided and reclassified into one new Ordinary Share of 0.1 pence and one Deferred Share of 4.9 pence and all newly issued Ordinary Shares were issued as a new Ordinary Share of 0.1p. There was then a consolidation such that all Ordinary Shares of 0.1p were consolidated on a 1 for 10 basis into Ordinary Shares of 1 pence each and all Deferred Shares were consolidated on a 1 for 10 basis into consolidated Deferred Shares of 49 pence each. Following the Capital Reorganisation, existing shareholders and shareholders participating in the First Firm Placing and Placing and Open Offer held one Ordinary Share and (existing shareholders only) 1 consolidated Deferred Share for every 10 existing Ordinary Shares held.

At the same time as the First Firm Placing and Placing and Open Offer, the Company issued warrants on completion of the process to the firm placees participating in the Firm Placing in lieu of any placing commission and in consideration for, and pro rata to, their binding agreements to subscribe for shares as follows:

- > 9,338,626 Warrants for Harris Associates LP;
- > 3,531,413 Warrants for Crystal Amber Fund Limited;
- > 1,177,137 Warrants for Bill and Melinda Gates Foundation Trust;
- > 1,569,517 Warrants for GoldenPeaks Capital Partners; and
- > 9,103,198 Warrants for Invesco Asset Management Limited.

On 22 March 2011, the Company received notification from GoldenPeaks Capital Partners that it had exercised in full its Warrants in respect of 1,569,517 Ordinary Shares of 1 pence each at an exercise price of 15.25 pence per share. The total subscription proceeds received by the Company as a result were £239,351.

On 6 April 2011, the Company published a further prospectus detailing a proposal to raise gross proceeds of £65 million through a Firm Placing and Placing and Open Offer involving the issue of 162.5 million new Ordinary Shares at an issue price of 40 pence per new Ordinary Share. This was dependent on the CVA proposals being approved (see note 14) and proceeds being received by 30 June 2011. As noted below, the CVA proposal was approved and the gross proceeds of £65 million were received on 27 April 2011. Full details of the Second Firm Placing and Placing and Open Offer are contained within the Prospectus published on 6 April 2011.

14. Company Voluntary Arrangement ("CVA")

On 3 March 2011, the Company and its subsidiary, Blane Leisure Limited launched a proposal to enter into a CVA. On 22 March 2011, the CVA proposals made by the Company and Blane Leisure Limited received the approval of the requisite majority of creditors and members of each company. On 23 March 2011, the CVA became partially effective, with full implementation conditional on future events.

Following the expiry of a 28 day challenge period on 21 April 2011, the CVA proposal was fully implemented upon receipt of the gross proceeds from the Second Firm Placing and Placing and Open Offer on 27 April 2011 (see above).

As part of the compromise of the claim of the landlords within the CVA, the Company has agreed to the creation of a Compromised Lease Fund to affected landlords. This payment will become payable after the Fund Trigger Date, being the earlier of 24 April 2013, the date the equity shares of JJB cease to be listed and traded on any recognised stock exchange (excepting the recent transfer to the AIM) and the unconditional date of an offer made for the Company.

The total amount payable by the Company will be between £2.5 million and £7.5 million, the amount determined by comparing the value of the Market Capitalisation of the Company on the Fund Trigger Date to the amount of the Target Equity Raising. This payment can be in cash or shares, at the discretion of the Company. At 31 July 2011, a provision had been made for the Compromised Lease Fund of £2.5 million.

Full details of the CVA proposal are contained within the Investment circular issued to shareholders on 3 March 2011.

15. Transfer to Alternative Investment Market ("AIM")

At a General Meeting of the Company held on 22 March 2011, shareholders approved a resolution to cancel admission of the Ordinary Shares to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and for an application to be made for admission of those Ordinary Shares to trading on AIM.

On 28 April 2011, AIM admission took place and dealings in Ordinary Shares (including the newly issued Ordinary Shares) started on AIM at 8.00 a.m. on 28 April 2011.

16. Events after the date of the condensed consolidated statement of financial position

On 11 August 2011, the Office of Fair Trading decided to provisionally close its investigation into alleged anti-competitive conduct in the sports retail sector and informed the Company of a formal closure on 17 October 2011.

On 5 September 2011 a new Company Equity Incentive Plan was approved by the shareholders.

Directors and advisers

Directors

Mike McTighe	(Chairman)
Keith Jones	(Chief Executive Officer)
Dave Williams	(Chief Financial Officer)
David Adams	(Senior Independent Non-Executive Director)
Matthew Pinsent	(Independent Non-Executive Director)
Richard Bernstein (appointed 6 May 2011)	(Non-Executive Director)

On 17 May 2011, it was announced that Lawrence Christensen would join the Board as a Non-executive Director on 1 November 2011.

Company secretary

Dave Williams (appointed 8 July 2011)

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