

JJB Sports plc

Annual report and Financial statements

For the 52 weeks ended 25 January 2004

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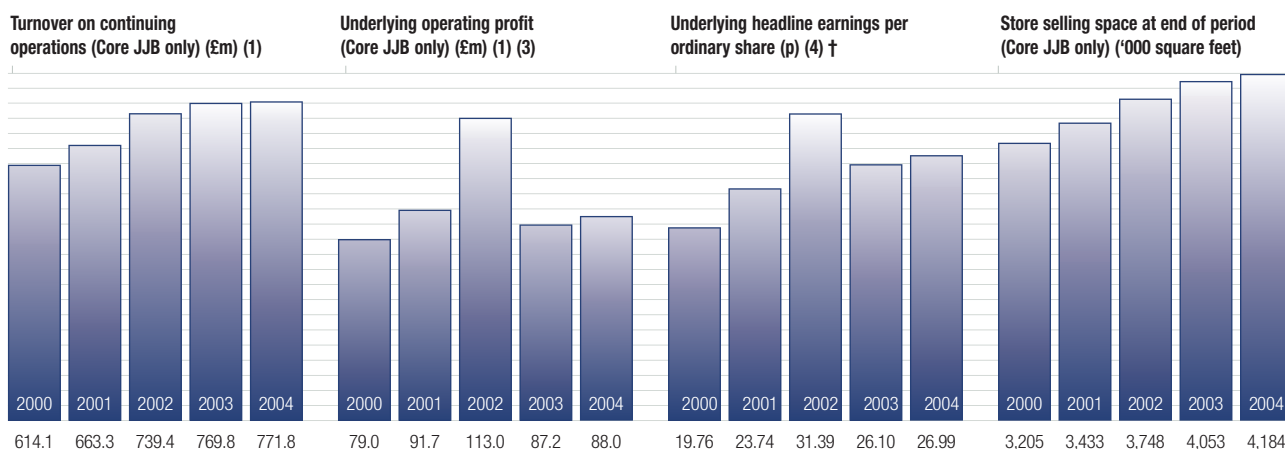




Significant financial information

	52 weeks ended 25 January 2004	52 weeks ended 31 January 2003	Increase / (decrease)
Core JJB results (1)			
Turnover	£771.8m	£769.8m	0.3%
Gross margin	48.7%	47.3%	
Underlying operating profit (3)	£88.0m	£87.2m	0.9%
Group results (2)			
Turnover	£929.8m	£934.3m	(0.5%)
Gross margin	45.7%	44.4%	
Underlying operating profit (3)	£90.5m	£93.8m	(3.5%)
Underlying headline earnings per ordinary share (4)	26.99p	26.10p	3.4%
Recommended final dividend	7.0p	5.0p	40.0%
Total dividend for the 52 weeks	10.00p	7.25p	37.9%
Net debt at end of period	£3.6m	£60.6m	

Key statistics



(1) Core JJB results include standalone retail stores and the Leisure Division.

(2) Group results include core JJB results plus those of TJ Hughes.

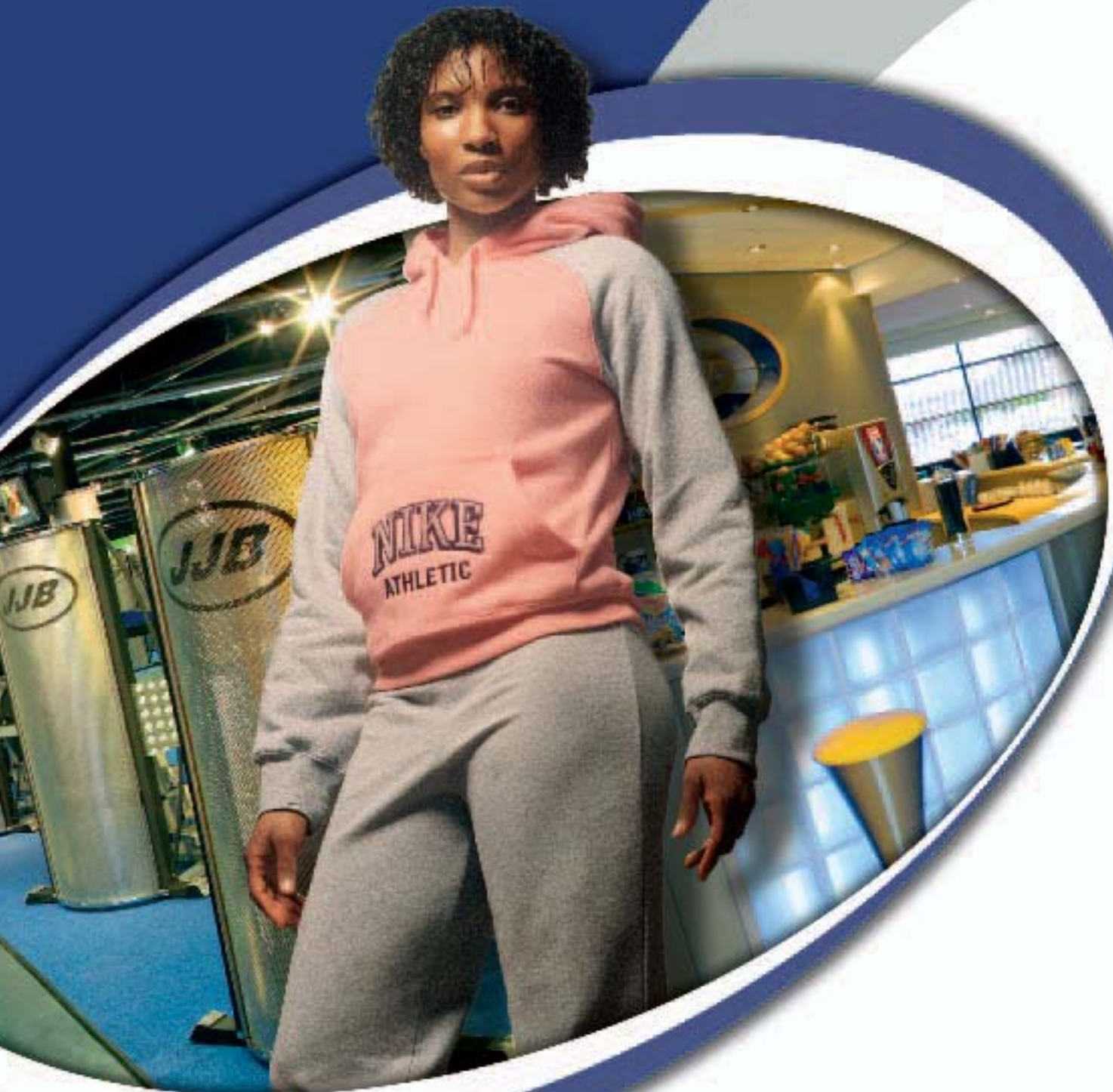
(3) These figures are stated before goodwill amortisation of £13.1m (£12.8m in the core JJB results) and exceptional operating items of £6.1m (2003: goodwill amortisation £13.1m).

(4) A reconciliation of underlying headline earnings per ordinary share is given in note 11 on page 43 of these Financial statements.

† Figures restated to take account of the bonus issue of ordinary shares in 2001.

Business strategy

- Increasing investment in the Leisure Division with the development of further health club/superstore sites
- Steady expansion into new superstore sites and gradual migration from small high street stores
- Consolidate position as UK market leader in active sports retailing
- Strengthening relationships with key suppliers
- Development and expansion of exclusive product ranges



“ *Operating profits within our
Leisure Division have
increased by 80 per cent.* ”





Chairman's statement

Results

I am satisfied with the trading results achieved during the 52 weeks ended 25 January 2004, when these are viewed against the strong competitive trading conditions within the UK retail clothing market. We achieved our principal target which was to regain the levels of gross margin in the second half of the year which had been lost in the comparative period last year. Whilst turnover in our clothing category was lower than the previous year, increased levels of turnover were achieved in our other product categories where demand remained strong.

Operating profits within our Leisure Division have increased by 80 per cent to £9.1 million (before the allocation of Head Office/Distribution Centre costs); I believe that our emphasis on the expansion of this concept over the coming years will make a significant contribution to the success of the Group.

Abortive management buy-out

In March 2003, I announced that I was giving consideration to making an offer for those shares in JJB which were not already held by my family and myself. Although I was able to secure financing that would have enabled me to pursue an offer up to 220 pence per ordinary share, the Independent Directors, who had been advised by UBS Ltd, had received feedback from JJB's institutional shareholders and had concluded that they could not recommend this price to shareholders; I therefore decided not to proceed with an offer. I however confirmed my commitment to maintaining my holding of a substantial part of JJB's share capital.

TJ Hughes

Part of the feedback which the Independent Directors received from institutional shareholders of JJB's shares, was a wish to see the management concentrate on its core business and after the Board carried out a strategic review of the Group's activities, it was decided to seek the sale of TJ Hughes, which was regarded as being a non-core activity.

On 14 November 2003, we sold TJ Hughes Limited for a cash consideration of £49 million including a £2 million dividend in respect of the accounting period ended 31 January 2003. The disposal led to the resignation from JJB's Board of George Foster, who was the Chief Executive of TJ Hughes. I would like to thank George, the management and employees of TJ Hughes for their contribution to JJB and wish them every success in the future.

Cash generation

Another part of the feedback which the Independent Directors received from institutional shareholders was for shareholders to receive a greater share of the strong cash flow, regularly generated by the Group; it was suggested that this be in the form of increased dividends or share buy-backs. We have taken note of these suggestions and consequently paid or proposed an increase in the total dividend for the 52 weeks ended 25 January 2004 of 38 per cent and have conducted a successful tender offer, which returned £20m to

shareholders in February 2004. The Group retains the authority to repurchase further shares, which it will consider in light of the cash requirements of the business, and will seek to review this authority at the forthcoming Annual General Meeting.

Personnel

On behalf of the Board, I would like to take this opportunity to thank all of the Group's employees for their hard work during the year. The success of our business is due to the talent and commitment of our winning team of employees and we remain committed to ensuring that they continue to benefit from this success.

Current trading and strategy

I believe that the retail clothing market will continue to be very competitive during the current accounting period as deflationary pressures impact upon prices. We will however continue to focus our attention on the challenges within the retail clothing market and believe that we retain an edge over our competitors through our strong relationships with the key brands of Nike, adidas and Reebok, supported by ranges from a number of other sports brands including our own brands. I believe that our other product categories are more resilient and that we can continue our successful trading in these areas. In particular, excellent sales opportunities will be presented in the current accounting period as a result of the Euro 2004 football competition.

I believe that our strategy for the expansion of our Leisure Division which comprises the unique and successful combined health club/superstore format, combined with the continuing transition of our store portfolio from small retail stores to superstores, will add sustainable value to the Group and I therefore look forward to the future with confidence.

D. Whelan
Chairman
14 May 2004



“ The gross margin earned in the 26 weeks ended 25 January 2004 was 49.2 per cent compared to 46.4 per cent earned in the corresponding period. ”





Chief Executive's statement

Review of results

Core JJB Business

Total turnover for the year, within our core JJB business (the Group excluding TJ Hughes as defined in note 1 of page 1 of this Annual report), increased by 0.3 per cent to £771.8 million and included a decrease in like-for-like turnover of 3.0 per cent from operating units that have been open for more than 52 weeks. This performance reflects the difficult trading conditions experienced by the wider retail sector with particularly fierce competition in the "value-for-money" clothing category; however consumer demand across our other product categories has remained positive.

At the time of the publication of our Interim results in October 2003, we stated that the most important target during the second half year, was to regain the gross margin which had been lost during the second half of the 52 weeks ended 31 January 2003. This target has been achieved; the gross margin earned in the 26 weeks ended 25 January 2004 was 49.2 per cent compared to 46.4 per cent earned in the corresponding period. This increase has resulted from an improved stock package which has not necessitated the same level of discounting that was applied during 2002/3. We are confident that the level of gross margin achieved during the 26 weeks ended 25 January 2004 is broadly sustainable. Gross margin for the 52 weeks ended 25 January 2004 was 48.7 per cent compared to 47.3 per cent in the corresponding period.

Tight cost control has limited the increase in operating expenses before goodwill amortisation and exceptional operating items to 3.9 per cent which is considered satisfactory taking into account the increase in store selling space and the increased number of health clubs in operation.

We have benefited during the 26 weeks ended 25 January 2004 from the closure of three significant loss making stores in July 2003. Approximately £4 million of annualised losses were being made by these stores.

Underlying operating profit before goodwill amortisation and exceptional operating items (as defined in note 1 of page 1 of this Annual report), has increased by 0.9 per cent to £88.0 million from £87.2 million earned in the comparative period.

TJ Hughes

The trading results of TJ Hughes (TJH) have been consolidated into the Group results for the period up to its disposal on 14 November 2003. Operating profits before goodwill amortisation of TJH for the 42 weeks to that date amounted to £2.5 million compared to £6.6 million from the date of acquisition (April 2002) to 31 January 2003. This disparity in operating profits results from a substantial part of the operating profits of TJH being regularly earned over the Christmas period.

On a pro-forma basis (using the same 42 weeks in both years), total turnover within TJH for the 42 weeks to 14 November 2003 was 5.8 per cent higher than for the comparative period, including a like-for-like increase of 2.5 per cent, with the gross margin having increased by 100 basis points.

The loss on disposal of a subsidiary undertaking of £852,000 shown in the Consolidated profit and loss account on page 33, represents the book loss on the sale of TJH after taking operating profits less taxation and goodwill amortisation into the consolidated results from the date of acquisition to the date of disposal. The amount of operating profits before taxation and goodwill amortisation taken into the consolidated results from April 2002 to November 2003, was £9.1 million.

Group

Efficient cash management throughout the accounting period and a reduction in the net debt, resulted in a 25 per cent decrease in net interest payable within the Group in the 52 weeks ended 25 January 2004, to £2.6 million from £3.5 million.

The effective rate of taxation on Group profits before goodwill amortisation and the book loss on disposal of TJ Hughes for the 52 weeks ended 25 January 2004 was 27.4 per cent, after crediting a prior year adjustment which had the effect of reducing the rate from 29.2 per cent; this compares to 30.4 per cent in the corresponding period.

Underlying headline earnings per ordinary share for the Group (as defined in note 11 on page 43 of these Financial statements), increased by 3.4 per cent to 26.99 pence per ordinary share from 26.10 pence per ordinary share in the comparative period.

Operational review

JJB Retail Stores

Competition within the retail clothing sector remains strong, particularly within the childrens value category, which resulted in a reduction in turnover of this category; this decline was however net of an increase in turnover of ladies clothing where the improved product offering has had a positive effect. Consumer demand for our other product categories remained positive with turnover in all categories other than clothing, being higher than in the comparative period.

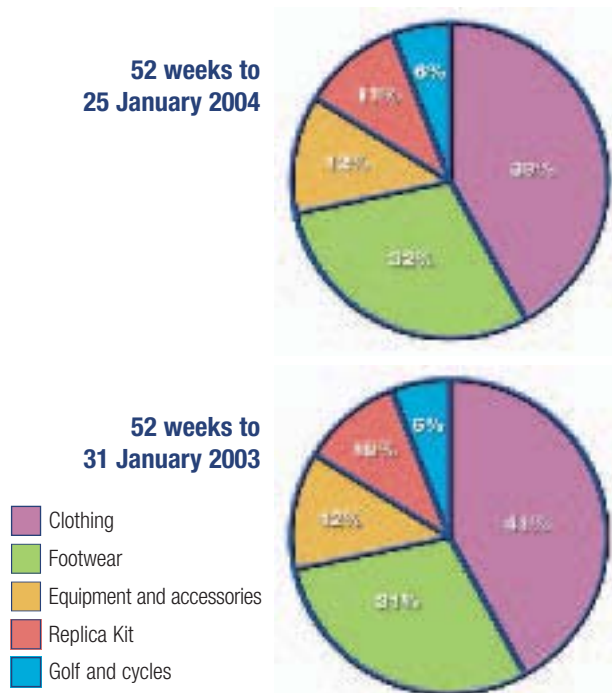


“ We have signed a royalty agreement to exclusively market “Slazenger” golf clubs and associated clothing. ”



Chief Executive's statement continued

The following charts show the percentage of turnover for each product category:



At the time of the publication of our Interim results in October 2003, we referred to the senior appointments made within the buying department covering not only buying and selection of products but also the allocation and merchandising of product across the store chain. The initial benefits from these appointments are reflected in the increased gross margin achieved in the second half of the accounting period, compared to that achieved in the previous accounting period.

Our strategy continues to be based upon strong product offerings from the premium brands of Nike, adidas and Reebok supported by a range of smaller sports brands offering "value-for-money" products including those from Patrick, Lotto, Head, Olympus and Le Coq Sportif where we hold a licence to retail their products either exclusively or substantially, within the UK. The licensed products are designed, developed and sourced by our own in-house team. We are also developing certain themed but unbranded childrens clothing products which will compete with the supermarket chains more effectively in infant and small child sizes. A proportion of the products supplied by the premium brands are "special make up" styles made available only to ourselves, thereby differentiating our product offering from that of our competitors.

In order to strengthen our branded offering, we have signed a royalty agreement to exclusively market "Slazenger" golf clubs and associated clothing. The impact of this agreement, combined with a strategic withdrawal from the top end of the golf equipment market has resulted in an increase in the gross margin of this category of 240 basis points.

We are pleased to announce that we have signed three sponsorship contracts to supply and distribute team kits and official merchandise for Everton Football Club, the Irish Football Association and Leeds Rhinos Rugby League Club.

We have opened 11 "icon" stores during the 52 weeks ended 25 January 2004 in small high street properties that were formerly occupied by JJB, where we have been unable to dispose of the lease. The initial operating results from these stores is encouraging and is significantly better than the cost of having these stores vacant. The "icon" stores sell a range of branded fashion products which are not currently available within JJB stores. We have identified a further 6 sites which we intend to open under the "icon" format during 2004 and consideration is being given to further openings in this period.

Leisure Division

At 25 January 2004, the Leisure Division comprised 17 sites which included 3 indoor soccer centres, 16 health clubs and 16 superstores; one of the sites comprised a golf store and driving range. A total of 6 combined health clubs/superstores were opened during the 52 weeks ended 25 January 2004. At 25 January 2004, the 16 health clubs had a combined membership of 65,600 compared to 39,500 members at 31 January 2003 in the 10 health clubs open at that date.

The concept of a ground floor health club, incorporating a well equipped gym area, swimming pool, health spa, steam room, aerobic studios and bar area, with escalator access to a first floor superstore is giving us a very satisfactory return on capital employed whilst the low membership fees provide members with a very strong value for money facility. We construct the first floor ourselves thereby ensuring that rent is only paid on the ground floor and results in two income streams from one rental base. We regard the inclusion of a superstore on a health club site as being of paramount importance.

The operating profit of the 17 Leisure Division sites for the 52 weeks ended 25 January 2004 was £9.1 million (before the allocation of Head Office/Distribution Centre costs of £2.0 million) on a turnover of £44.4 million and compares to an operating profit of £5.0 million (before the allocation of Head Office/Distribution Centre costs of £1.2 million) on a turnover of £27.4 million in the comparative period; these results reflect the success of this concept. The net book value of tangible fixed assets at these sites at 25 January 2004 was £43.4 million.



“ Every attempt will be made to step up the number of Leisure Division units being opened in future years. ”





Chief Executive's statement continued

Current trading

At the time that we published our preliminary results on 14 April 2004, we gave our current trading figures for the 10 weeks ended 4 April 2004.

We stated that we were experiencing a disappointing start to the current accounting period with total turnover for the 10 weeks ended 4 April 2004 being 4.7 per cent lower than the same period last year which included a reduction in like-for-like turnover of 5.7 per cent. The gross margin achieved during this period was in line with our expectations. Slightly over half of the shortfall in total turnover arose from two types of product:

- T-Shirts and shorts which enjoyed buoyant sales during March last year which was a period of very good weather; and
- Replica kit which has had difficult comparatives – the England “away kit” (which never sells as well as the “home kit”), was launched in March 2004 on the same day as the England “home kit” launch in 2003 – also the Manchester United, Arsenal and Liverpool home shirts are now in the second and last year of their cycle and will be replaced with new shirts later during 2004.

The clothing category remains the most challenging part of our business and concerted efforts are being made to improve the ranges. We believe that the strengthened buying and merchandising teams will address this issue but the relatively long product lead times delay the full benefits that can be achieved by these improvements. However, our other product categories remain resilient and should contribute higher levels of profit. Later in the current accounting period, we will benefit from increased turnover in the replica shirt category as a result of the Euro 2004 tournament and from the launch of new “home” shirts from Manchester United, Arsenal and Liverpool.

We intend to build upon the significant success of our Leisure Division which continued during the 52 weeks ended 25 January 2004. Since 25 January 2004, we have opened 2 combined health clubs/superstores and a further 5 will be opened later in the period. The demand for membership places at these new health clubs continues to be very promising and gives us further confidence in our openings strategy. Every attempt will be made to step up the number of Leisure Division units being opened in future years and already 13 sites have been identified for openings during the accounting period commencing in February 2005.

In addition to the openings of the combined health club/superstores, we will continue the migration to superstores from small high street stores with the opening of a further 12 superstores in the current accounting period. It is believed that these openings together with a major refit programme which is referred to in the Property review on page 15 and is now underway, will have a beneficial impact upon the profits of the current accounting period.

We have recently extended our contract with external carriers Lynx, for them to distribute all our product from the Distribution Centre to the stores. This will enable more frequent deliveries to be made to stores which will improve stock availability and is intended to generate increased turnover.

The Board believes that the changes made within the buying and merchandising departments which have already seen the recovery of the gross margin, will help to meet the continuing competition within the retail clothing market and with the strength of other product categories together with the continuing success of the combined health club/superstore opening programme, will achieve a successful outcome to the results for the current accounting period.

T.W. Knight
Chief Executive
14 May 2004



“ The net debt position amounted to £3.6 million at 25 January 2004, compared to £60.6 million at 31 January 2003. ”





Financial review

Balance Sheet

Capital expenditure for the 52 weeks ended 25 January 2004, was £30.4 million within the core JJB business (as defined in note 1 of page 1 of this Annual report), compared to £38.8 million in the previous accounting period. Capital expenditure on newly opened stores and health clubs was £19.4 million with a further £3.9 million spent on stores and health clubs to open during the current accounting period.

The value of stocks at 25 January 2004 within the core JJB business, has risen 13 per cent to £128.1 million compared to £113.6 million at 31 January 2003. This increase was partly accounted for by certain deliveries amounting to £3 million which were due in February and March 2004 but were received prior to 25 January 2004 in order to take advantage of improved supplier discounts.

Cash at bank at 25 January 2004 has increased to £41.3 million from £37.3 million at 31 January 2003. The net debt position amounted to £3.6 million at 25 January 2004, compared to £60.6 million at 31 January 2003. The reduction in net debt resulted partly from the sale of TJ Hughes and partly from the continuing strong cash flow in our core business. The figures of net cash inflow from operating activities shown in the Consolidated cash flow statement on page 36 are distorted by the accounting treatment on the acquisition and subsequent sale of TJ Hughes. The net cash inflow from operating activities for the core JJB business are £89.9 million for the 52 weeks ended 25 January 2004 and £111.9 million for the comparative period.

Financial risks and treasury policies

The key financial risks faced by the Group are the security of existing funds, the ongoing availability of new funds and fluctuations in interest and exchange rates.

The following treasury policies, approved by the Board of Directors, are adopted in order that these risks are effectively managed.

Liquidity management

The Group manages its cash and funding requirements centrally with the objective of maximising interest income and minimising interest expense. Investments of cash surpluses are made with banks which must satisfy credit rating and investment criteria approved by the Board of Directors.

Short term funding requirements are supported by a committed £100 million revolving credit bank facility which expires in June 2005. The outstanding balance on the revolving credit facility at 25 January 2004 was £85 million which compares to £90 million at 31 January 2003. The outstanding balance at 25 January 2004 was higher than at other times during the accounting period because on 13 January 2004, £40 million had been drawn from the facility to be deposited with UBS Ltd to facilitate the proposed Tender Offer for shares.

The undrawn facility, being the difference between the outstanding balance at any one date and £100 million, has been retained in order to ensure that the Group has sufficient liquid resources to meet the operating needs of the business.

TJ Hughes Limited, which was acquired as a wholly owned subsidiary in April 2002 and sold in November 2003, had a small facility itself; following the sale of TJ Hughes Limited, the Group has had no further access to that facility.

Interest rate management

The Group finances its operations through a mixture of retained profits and bank borrowings. Interest chargeable on bank borrowings is based on floating rates linked to LIBOR. No interest rate hedging agreement is currently in place over the bank borrowings because it is considered by the Board that, given the current interest rate environment, fluctuations in interest rates do not pose a significant risk to the Group.

Foreign currency risk management

A significant proportion of the Group's trading activities are payable and receivable in sterling and only approximately £25 million per annum is payable in dollars. Up to August 2003, the Group had a hedging agreement in place in respect of its forward dollar requirements which protected the Group's trading position and balance sheet from significant exchange rate movements. However from September 2003, dollars are being bought and held in a dollar bank account, equivalent at any time to the value of approximately 3 month's payables.

Tender Offer

On 14 January 2004, we announced a Tender Offer to be made by UBS Ltd to purchase up to £40 million of ordinary shares in JJB Sports plc for their ultimate cancellation, at prices in a range between 240 pence and 280 pence per share.

On 13 February 2004, we announced that a total of 7.25 million shares had been tendered at 280 pence per share which were duly acquired and cancelled at a cost of £20.3 million.

At the time of our Extraordinary General Meeting on 6 February 2004, we were given authority to acquire up to a further 5 per cent of our issued share capital after the Tender Offer was completed. The primary use of the Group's surplus cash flows will continue to be the further expansion of our combined health clubs/superstores and retail store chain. After this, we will consider a further buy back of shares, subject to the size of our net debt and provided that the buy back is earnings enhancing. We will seek to renew this authority at the forthcoming Annual General Meeting.



“ This results in a total dividend for the 52 weeks ended 25 January 2004 of 10.0 pence, an increase of 38 per cent. ”





Financial review continued

Dividend

At the time of the publication of our Interim results in October 2003, we stated that following representations from a number of institutional shareholders, we would adopt a more progressive dividend policy. The Board has therefore proposed a final dividend of 7.0 pence net per ordinary share, payable on 14 July 2004 to shareholders on the Register of Members at the close of business on 11 June 2004. Together with the interim dividend paid on 10 December 2003 of 3.0 pence net per ordinary share, this results in a total dividend for the 52 weeks ended 25 January 2004 of 10.0 pence, an increase of 38 per cent compared to 7.25 pence per share paid in the comparative period. The total dividend is covered 2.7 times by underlying headline earnings per ordinary share (as defined in note 11 on page 43 of these Financial statements). This step change has brought JJB's dividend cover more into line with other mid-cap retailers.

Share Capital

Details of the share capital and movements during the accounting period are described in note 22 to the Financial statements on page 48.

The share price of the ordinary shares at the close of business on Friday 23 January 2004 was 256 pence, representing an equity market capitalisation of approximately £609 million. This represents an increase of 82 per cent from the price of 141 pence at 31 January 2003. Following the announcement of the preliminary results on 14 April 2004, the closing share price was 284 pence. On 11 May 2004, the date on which declarable interests have been disclosed in the Director's report, the share price was 251 pence.

Office of Fair Trading

In August 2003, the Office of Fair Trading (OFT) pronounced JJB guilty of price-fixing in the sale of certain replica kit products over a two year period during 2000 and 2001 and levied a fine of £8.4 million. We have appealed against the decision of the OFT to the independent Competition Appeals Tribunal (CAT); the appeal was conducted during March 2004 and the decision of the CAT is awaited in the near future. No provision has been made in respect of this fine in our accounts as, on the basis of advice received, the Board believes that the appeal will be successful.

J.D. Greenwood
Finance Director
14 May 2004

Property review and store locations

At 25 January 2004, we operated from 448 stores comprising 191 out-of-town superstores, 92 high street superstores, 147 smaller high street stores, 5 small golf stores and 13 icon stores. Retail store selling space totalled approximately 4,184,000 square feet, an increase of 3.2 per cent compared to the selling space in operation at 31 January 2003. The 16 superstores which are attached to health clubs are included in these figures. This compares to 443 stores, comprising 188 out-of-town superstores, 82 high street superstores, 166 smaller high street stores, 5 small golf stores and 2 icon stores in operation at 31 January 2003.

We have continued our policy of migrating from small high street stores to both high street superstores and out-of-town superstores with the opening of 18 superstores and with the closure of 26, mainly smaller, stores during the 52 weeks ended 25 January 2004. A further 2 small high street stores were opened in this period together with 11 icon stores which were opened in stores which had formerly traded as "JJB". On out-of-town sites, JJB's strategy is to open a combined health club/superstore and, by negotiation, to place a cap upon future rent reviews in order to limit its exposure to rental increases.

A major refit programme is to be undertaken during the current accounting period which will include the refurbishment of 22 small high street stores and 10 superstores. Most of the superstores will have new mezzanine floors fitted

or existing mezzanine floors extended. A further 20 small high street stores will be partially refurbished which will include new carpets and a re-paint. The total cost of the work to be carried out on these sites, will be £9.7 million. Work on these sites has only recently commenced but we expect that significant improvements will be made to the profitability of the stores concerned after their refit.

Our plans for the current accounting period are well advanced with contracts for 19 superstore sites having been exchanged, including 7 sites on which we will incorporate a health club. One of the health club/superstore sites will also include an indoor soccer centre. In addition, 19 superstore sites have been identified for openings during the accounting period commencing February 2005 which will include 13 sites on which we will incorporate a health club and 2 of which will also include soccer centres. As regards the sites containing soccer centres, we will share in the profits made by the developer in selling the out-of-town park which will have the effect of considerably reducing the net capital expenditure incurred by us.

B. J. K. Dunn
Property Director
14 May 2004

Health Clubs 16 sites

Bangor
Bristol
Burton-upon-trent
Derby
Halifax
Hull
Leeds
Macclesfield
Middlesbrough
Oldham
Southport
St.Helens
Swindon
Trafford
Warrington
Wigan

Northern Ireland 26 stores

Antrim
Ballymena
Bangor
Belfast
Coleraine
Craigavon
Lisburn
Londonderry
Newry
Newtownabbey
Newtownards
Portadown

Republic of Ireland 3 stores

Blanchardstown
Dublin Liffey Valley
Tallaght

Scotland 61 stores

Aberdeen
Airdrie
Ayr
Clydebank
Coatbridge
Cumbernauld
Dundee
Dunfermline
Easterhouse

East Kilbride
Edinburgh
Elgin
Falkirk
Glasgow
Glenrothes
Greenock
Hamilton
Inverness
Invine
Kilmarnock
Kirkcaldy
Livingston
Motherwell
Paisley
Perth
Renfrew
Stirling
Wishaw

Cumbria/North East 22 stores

Barrow-in-Furness
Carlisle
Darlington
Durham
Gateshead
Hartlepool
Kendal
Middlesbrough
Newcastle
North Shields
South Shields
Stockton
Sunderland

North West 75 stores

Accrington
Altrincham
Ashton-under-Lyne
Baguley
Birkenhead
Blackburn
Blackpool
Bolton
Bootle
Bromborough
Bury
Chester
Chorley
Crewe
Ellesmere Port
Lancaster
Leigh
Liverpool
Macclesfield
Manchester
Oldham
Prescot
Preston
Rochdale
Runcorn
Salford
Skelmersdale
Southport
St. Helens
Stockport
Walkden
Wallasey

Warrington
Widnes
Wigan
Workington

Yorkshire 42 stores

Barnsley
Bradford
Dewsbury
Doncaster
Grimsby
Halifax
Harrogate
Huddersfield
Hull
Keighley
Leeds
Pudsey
Rotherham
Scarborough
Scunthorpe
Sheffield
Wakefield
York

West Midlands 36 stores

Banbury
Birmingham
Coventry
Dudley
Hanley
Hereford

Leamington Spa
Newcastle-under-Lyme
Oldbury
Redditch
Rugby
Shrewsbury
Solihull
Stafford
Stetchford
Stratford-upon-Avon
Sutton Coldfield
Tamworth
Telford
Walsall
West Bromwich
Wolverhampton
Worcester

East Midlands 23 stores

Boston
Burton-upon-Trent
Chesterfield
Corby
Derby
Grantham
Leicester
Lincoln
Loughborough
Mansfield
Northampton
Nottingham
Peterborough

Wales 21 stores

Bangor
Bridgend
Caerphilly
Cardiff
Carmarthen
Cwmbran
Haverfordwest
Llandudno
Llanelli
Llantrisant
Newport
Rhyl
Swansea
Wrexham

East Anglia 9 stores

Bury St. Edmunds
Felixstowe
Great Yarmouth
Ipswich
Kings Lynn
Norwich



Full details of our stores can be found using the store finder facility on our website, www.jjb.co.uk



**South West
30 stores**

Barnstaple
Bath
Bristol
Cheltenham
Cowley
Dorchester
Exeter

Gloucester
Oxford
Plymouth
Poole
Salisbury
Swindon
Taunton
Torquay
Truro
Yeovil

**South East
100 stores**

Aldershot
Ashford
Aylesbury
Basildon
Basingstoke
Beckton
Bedford
Bexley Heath
Borehamwood
Bournemouth
Bracknell
Brent Cross

Brighton
Bromley
Camberley
Cambridge
Canterbury
Charlton
Chatham
Chelmsford
Colchester
Colliers Wood
Crawley
Croydon
Dover
Ealing
Eastbourne

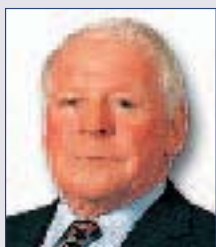
Edgware
Eltham
Enfield
Epsom
Farnborough
Friern Barnet
Gillingham
Gravesend
Guildford
Hammersmith
Harlow
Hastings
Hayes
Hemel Hempstead
Ilford

Kingston
London (Central)
Luton
Maidstone
Milton Keynes
Newbury
New Cross
Orpington
Portsmouth
Reading
Richmond
Romford
Slough
Southampton
Southend

Staines
Stevenage
Surrey Quays
Sutton
Twickenham
Uxbridge
Walthamstow
Waterlooville
Watford
Welwyn Garden City
West Thurrock
Winchester
Woking
Wood Green
Worthing

Directors' biographies

Executive Directors



David Whelan - Chairman

Aged 67, David Whelan was formerly a professional footballer, principally with Blackburn Rovers. On his retirement from professional football, he acquired a single grocery store and built up a chain of six supermarkets called Whelan's Discount Stores which he sold to Wm Morrison Supermarkets plc in 1978. He had earlier formed JJB Sports in 1971 to acquire the business of a single sports store in Wigan, which had been trading since the early 1900s. From 1978 until 31 January 2001, David Whelan was Executive Chairman during which time he was involved in a wide range of Group operations and has been a major influence in the success of the Group. On 1 February 2001, he became Chairman, responsible both for ensuring that the Board functions effectively and also for general strategic issues as opposed to day to day executive matters. In addition, David Whelan holds a controlling interest in Whelco Holdings Limited which operates the sports stadium in Wigan named the "JJB Stadium", Wigan Athletic Football Club, Wigan Warriors Rugby League Club and Orrell Rugby Union Club.



Tom Knight – Chief Executive

Aged 51, Tom Knight joined JJB in October 2002 after a long and successful career at Blacks Leisure Group plc during which he held several positions culminating as Managing Director of their Sports and Fashion Division. Prior to this he spent seven years working for adidas before establishing his own successful chain of retail sports stores. He was appointed Operations Director of JJB in October 2002 and was subsequently appointed Chief Executive in November 2002. He is also a Non-executive Director of Ultimate Leisure plc.



David Greenwood, FCA – Finance Director and Company Secretary

David Greenwood, aged 60, spent five years with PricewaterhouseCoopers before spending a further five years as a financial controller in industry. He joined Whelan's Discount Stores as Financial Controller in 1976 and, after the sale of that company in 1978, he was appointed Finance Director of JJB Sports. David Greenwood has overall responsibility for all accounting, administrative and company secretarial functions.



Barry Dunn, MRICS – Property Director

Aged 47, Barry Dunn joined JJB Sports in 1986 as Estates Manager after ten years in commercial and residential agency. In 1992 he left to take up the position of Estates and Development Controller with Matalan plc, where he gained valuable experience in the development of out-of-town retailing. Returning to JJB Sports in 1995 as Property Director, Barry Dunn has full responsibility for the Group's existing properties and for identifying and negotiating the acquisition of new sites.

Non-executive Directors



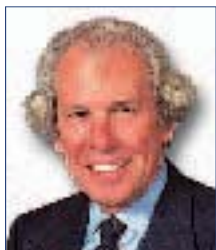
Andrew Thomas, FCA

Andrew Thomas is the senior Non-executive Director. He is aged 61 and was appointed as a Non-executive Director in October 1994. He was Executive Chairman of The Greenalls Group plc until his retirement in February 2000 and is a Non-executive Director of The Restaurant Group plc and a number of non-quoted companies. He is also a Partner in Moors, Andrew Thomas & Company, Chartered Accountants.



Roger Lane-Smith

Roger Lane-Smith, aged 58, was appointed as a Non-executive Director in November 1998. He is Senior Partner of solicitors DLA and is a Non-executive Director of MS International plc, Timpsons plc and a number of other non-quoted companies. He is also a council member of the CBI. He qualified as a lawyer in 1969 and was senior partner in a number of firms of solicitors which through mergers, became DLA.



David Beaver

David Beaver, aged 63, was appointed as a Non-Executive Director in March 2000. He is Chairman of KPMG Corporate Finance and a Non-Executive Director of London & Continental Railways Limited, The Paragon Group of Companies plc and Volex Group plc. He was previously a Vice Chairman of SG Warburg & Co Limited.

Board Committees

Audit Committee

Andrew Thomas (Committee Chairman)

Roger Lane-Smith

David Beaver

This committee consults with the external auditors on the Group's financial statements, accounting policies, internal controls and any other matters raised by the auditors.

Remuneration Committee

Roger Lane-Smith (Committee Chairman)

Andrew Thomas

David Beaver

This committee reviews the remuneration of the Group's Executive Directors.

Nominations Committee

Roger Lane-Smith (Committee Chairman)

Andrew Thomas

David Beaver

This committee reviews the appointment of the Group's Directors.

Directors and advisers

Directors

D. Whelan	(Chairman)
T.W.Knight	(Chief Executive)
J.D. Greenwood	(Finance Director)
B.J.K. Dunn	(Property Director)
A.G. Thomas	(Non-executive Director)
R. Lane-Smith	(Non-executive Director)
D.M.M. Beaver	(Non-executive Director)

Registered Office

Martland Park,
Challenge Way,
Wigan,
Lancashire,
WN5 0LD

Company number

Registered in England and Wales,
Number 1024895

Company secretary

J.D. Greenwood

Financial advisers and stockbrokers

UBS AG
2 Finsbury Avenue,
London,
EC2M 2PP

Auditors

Deloitte & Touche LLP,
Chartered Accountants
201 Deansgate
Manchester
M60 2AT

Solicitors

DLA
101 Barbirolli Square,
Manchester,
M2 3DL

Platt and Fishwick
The Old Bank,
King Street,
Wigan,
Lancashire,
WN1 1DB

Bankers

Barclays Bank PLC
51 Mosley Street,
Manchester,
M60 3DQ

Registrars

Capita Registrars
Bourne House,
34 Beckenham Road,
Beckenham,
Kent,
BR3 4TU

Financial public relations

The Maitland Consultancy Limited
Orion House,
5 Upper St. Martins Lane,
London,
WC2H 9EA



Directors' report

For the 52 weeks ended 25 January 2004

The Directors of JJB Sports plc (the Group) present their Annual report on the affairs of the Group, together with the Financial statements and the Auditors' report for the 52 weeks ended 25 January 2004.

Principal activities and business review

The principal activity of the Group continues to be the retailing of sportswear and sports equipment. The Group also includes a separate Leisure Division, which operates health clubs and indoor soccer centres. A review of operations for the accounting period is set out in the Chairman's statement, the Chief Executive's statement and the Financial review on pages 3 to 13.

Subsidiaries

On 14 November 2003, the Group sold TJ Hughes Limited for a cash consideration of £49 million, including a £2 million dividend in respect of the accounting period ended 31 January 2003. TJ Hughes Limited operates a chain of discount department stores.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the accounting period are listed in note 14 to the Financial statements on page 45.

Results and dividends

The Group profit for the accounting period after taxation is £45,462,000 before provision for dividends, paid and proposed, of £23,297,000. Retained profits for the accounting period of £22,165,000 have been transferred to reserves.

The Directors recommend a final dividend of 7.00 pence net per ordinary share (2003 - 5.00 pence) which when added to the interim dividend of 3.00 pence (2003 - 2.25 pence) gives a total dividend for the accounting period of 10.00 pence net per ordinary share (2003 - 7.25 pence). If approved at the forthcoming Annual General Meeting, the final dividend will be paid on 14 July 2004 to shareholders on the Register of Members at the close of business on 11 June 2004.

Directors

Current members of the Board of Directors are listed on page 18 of these Financial statements; all these Directors served throughout the year. In addition, George Foster, Chief Executive of TJ Hughes Limited, was a Director until he resigned from the Board of JJB Sports plc upon completion of the disposal of TJ Hughes Limited in November 2003.

The Articles of Association require one third of Directors to retire by rotation at every Annual General Meeting, in addition to the re-confirmation of Directors appointed during the year. David Whelan, Andrew Thomas and Roger Lane-Smith are the Directors due to retire by rotation and resolutions will be proposed at the forthcoming Annual General Meeting for their re-election.

Full details of the cost of the service contracts, remuneration and incentive packages provided for the Directors and their interests in the share capital of the Company are given in the Directors' remuneration report in these Financial statements on pages 28 to 31.

Remuneration report

The Directors' remuneration report regulations 2002 require that the remuneration report must be tabled for a shareholder vote at each Annual General Meeting. Accordingly, a resolution will be proposed for the approval by the shareholders of the Directors' remuneration report.

International Financial Reporting

The Group will be required to prepare its Financial statements in line with International Financial Reporting Standards (IFRS) for its accounting period commencing 31 January 2005. This will require an opening balance sheet to be prepared under IFRS as at 26 January 2004 together with a full profit and loss account, balance sheet and cash flow statement for the accounting period ended 30 January 2005 for comparative purposes. A review of the impact of the change which IFRS will make to the Group Financial statements, is currently underway.

Declarable interests

As at the 11 May 2004 the following notifications had been received from holders of material interests in 3 per cent or more of the Company's issued share capital:

	Number of 5p ordinary shares	Percentage of share capital
Fidelity Management & Research Company	29,774,300	12.9
Barclays plc	14,189,381	6.2
Schroder Investment Management Limited	8,595,965	3.7
West Coast Capital	3,480,193	1.5

Under section 208(5) of the Companies Act, West Coast Capital is deemed to have an additional interest in a further 13,062,061 ordinary shares, representing 5.7 per cent of the issued share capital, which are capable of being redelivered under a stock loan agreement. West Coast Capital does not have voting rights over these shares.

The total interests of the Directors, (as detailed in the Directors' remuneration report on page 31), together with those of their immediate families and family trusts, amounted to 89,757,726 ordinary shares of 5 pence each representing 38.9 per cent of the Company's share capital as at 11 May 2004.

Share buy-back authority

At the Extraordinary General Meeting held on Friday 6 February 2004, shareholders approved the Board recommendation to hold a Tender Offer for up to £40 million of ordinary shares in JJB Sports plc for their ultimate cancellation, at prices in a range between 240 pence and 280 pence per share.

On 13 February 2004, it was announced that a total of 7.25 million shares had been tendered at 280 pence per share which were duly acquired and cancelled at a cost of £20.3 million.

At the Extraordinary General Meeting held on 6 February 2004, the shareholders also gave authority for the Company to make further purchases of ordinary shares, of up to 5 per cent of the remaining share capital after completion of the Tender Offer; this authority is to expire at the conclusion of the forthcoming Annual General Meeting. It is intended to seek a renewal of this authority during the Annual General Meeting to be held on Friday 9 July 2004.

Directors' report continued

For the 52 weeks ended 25 January 2004

Close company status

The Company is not a close company within the provision of the Income and Corporation Taxes Act 1988.

Charitable and political contributions

Charitable donations of £9,500 (2003 - £11,000) were made by the Group during the accounting period. The Group again participated in the Macmillan Cancer Relief football badge campaign and we are pleased to report that, for the 52 weeks ended 25 January 2004, total donations of approximately £130,000 were raised from the sale of football club badges within our retail stores and Head Office facility. This brings the total raised through the Group's stores since the beginning of this campaign in January 1999 to over £1,000,000.

The Group also continues to support the Variety Club's Childrens Charity appeal and at the JJB charity golf day held in 2003, we raised sufficient monies to purchase a further 3 Sunshine Coaches.

Additionally, many employees with support from the Group, have taken part in various charitable fund-raising activities during the year. No contributions were made to political parties.

Supplier payment policy

The Group's policy is to agree terms of payment with suppliers at the time that orders are placed. Payment is then made in accordance with the agreed terms. The average number of days credit taken by the Group and the Company for trade purchases at 25 January 2004, was 46 days.

Auditors

On 1 August 2003, Deloitte and Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of Section 26 (5) of the Companies Act 1989.

A resolution to re-appoint Deloitte & Touche LLP as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Employment issues

The Group employs over 14,000 people throughout the United Kingdom and overseas and we are proud of our record as a responsible and valued employer.

JJB Sports plc is an equal opportunities employer, and as such the following key values are respected throughout JJB's operations:

- All employees should be treated fairly and equally and the workplace should be free from discrimination, harassment and intimidation;
- Recruitment, retention and progression of employees is based solely on personal ability and competency for the work in question; and

- Disabled persons should enjoy equal opportunities within the workplace. In the event of an employee becoming disabled during the course of their employment, the Group will make every effort to provide an opportunity for them to remain with the Group.

Employee training

The Group believes in encouraging employees to maximise their potential and so provides training which ensures that they are able to perform their duties to the best of their abilities.

A number of retail employees annually undertake National Vocational Qualifications in customer service through the Group's principal training providers, Performance through People. During the 52 weeks ended 25 January 2004, a significant proportion of employees on this course achieved qualifications of various levels under the scheme. The Group hopes that this scheme, along with other in-house initiatives, will help to further improve customer service levels at stores.

Driver training is provided to lorry and fork lift truck drivers, in order to improve safety in the workplace and on the roads.

The Group financially supports those employees wishing to obtain relevant professional qualifications whilst in the employment of the Group. Professional staff are also encouraged to attend training courses and seminars as and when necessary, in order that they keep up to date with developments relevant to their work and areas of expertise. Career progression is available to employees across the Group.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through regular meetings involving Directors, managers and supervisory staff to convey information about the business.

The GMB Union are accepted by the Company to negotiate collective bargaining on behalf of hourly paid staff within the JJB Distribution Centre.

Annual General Meeting

The Annual General Meeting (AGM) of shareholders will be held at 12 noon on Friday 9 July 2004 at the JJB Stadium, Loire Drive, Wigan, Lancashire, WN5 0UH. The Notice of the Meeting is included in a separate circular issued to shareholders with this Annual report and financial statements. Certain special business is to be proposed at the AGM, details of which are set out in the Notice of the Meeting; the proposed resolutions will renew the general authority of Directors to allot relevant securities of the Company, to grant a limited disapplication of the statutory pre-emption rights and to seek a renewal of the share buy-back authority which was granted by shareholders at the Extraordinary General Meeting held on 6 February 2004.

By order of the Board
J.D. Greenwood
Company Secretary
14 May 2004



Corporate governance report

Introduction

JJB is fully committed to high standards of corporate governance and sets out below its report on how it applies the principles of the 1998 Combined Code.

The Board notes the requirements of The Revised Combined Code on Corporate Governance, published by the UK Financial Reporting Council in July 2003 ("the 2003 code") and are considering the impact of its recommendations.

The requirements of the 2003 Code will apply to the accounting period beginning on 26 January 2004, although a number of steps have already been taken to ensure compliance.

Compliance

The Company has, during the 52 weeks ended 25 January 2004 and up to the date of approval of this Annual report and Financial statements, complied with the 1998 Code of Best Practice as set out in Section 1 of the Combined Code.

The Board of Directors

The Board, which is ultimately responsible for the direction, management and performance of the company, met eight times during the year. At 25 January 2004, the Board of Directors comprised four Executive and three Non-executive directors. G.W. Foster resigned from the Board on 14 November after the disposal of TJ Hughes Limited. Short biographies of each of the Directors are set out on pages 16 to 17 of these Financial statements. There is a clear division of responsibilities at the head of the Company between the roles of D. Whelan (Chairman) who is responsible for the operation of the Board and Tom Knight (Chief Executive) who is responsible for implementing strategy.

The Board determines corporate strategy and reviews both financial and operational performance against forecasts and plans. Full and timely access to all relevant information is provided to all Board members, via comprehensive information packs, in order that it can discharge its duties effectively. The information packs are produced in advance of such meetings and include up to date management accounts and detailed trading information. In addition, the Non-executive Directors are included in the distribution of weekly management accounts information.

A.G. Thomas is the nominated senior independent Non-executive Director.

All the Non-executive Directors are considered by the Board to be independent of Management and of the Company's major shareholders. Although one of the Non-executive Directors, R. Lane-Smith, is the Senior Partner of DLA, a major firm of international solicitors used by JJB, it is the belief of the Executive Directors, that the fees paid to DLA are not such as to interfere with his independent judgment and integrity. During the accounting period ended 25 January 2004, £479,000 was paid to DLA for legal work incurred during the ordinary course of business, representing less than 0.2 per cent of their fee income, (2003: £270,000). Included in the fees paid to DLA during the accounting period ended 25 January 2004 was £253,000 of costs in respect of defending the action brought against JJB by the Office of Fair Trading.

All Directors are subject to retirement by rotation and re-election by the Company's shareholders in accordance with the Articles of Association, whereby a number of Directors closest to but not exceeding one third of the Directors retire by rotation each year. All Directors are subject to re-election by the shareholders at the first Annual General Meeting following their appointment by the Board.

The Board of Directors of JJB note the principle of Non-executive Directors normally not serving on a Board for more than 9 years, as set out in The Revised Combined Code on Corporate Governance published by the UK Financial Reporting Council in July 2003. This Code takes effect from the accounting period commencing on 26 January 2004 and the Board of JJB is proposing the re-election of A.G. Thomas at the forthcoming Annual General Meeting, even though he has served on the Board since October 1994.

The Board recognises that A.G. Thomas brings to the Board a wide range of experience both as a practising accountant and as the former Executive Chairman of a PLC operating in the same part of the leisure industry in which JJB's Leisure Division operates. The Board of JJB do not believe that the length of time during which A.G. Thomas has served on the Board affects the independence which he brings to his position as a Non-executive Director.

Details of the notice periods in the service contracts of Executive and Non-executive Directors are set out in the Directors' remuneration report on page 29.

There is an established procedure whereby Directors may, in the furtherance of their duties, have access to independent professional advice and services at the Group's expense. The Finance Director also acts as the Company Secretary and as such is responsible for ensuring that Board procedures are followed and that the Board seeks independent advice whenever necessary. Where considered appropriate, relevant training will be made available to any Director and the need for such training is assessed on a regular basis.

In order to assist in the discharge of corporate governance responsibilities, the Board has delegated certain responsibilities to Board Committees, which operate within clearly defined terms of reference. These Committees are described below.

Audit Committee

The Audit Committee, which meets twice a year, is chaired by A.G. Thomas and also comprises the other two Non-executive Directors with the Finance Director and representatives of the Group's external auditors in attendance. This Committee consults with the external auditors on the Group's financial statements, accounting policies, internal controls and any other matters raised by the auditors. The Committee subsequently makes recommendations to the Board when necessary. The Committee also considers the independence and objectivity of the external auditors, the services they provide, and the scope of audit work and related fees along with a review of their reported findings.

The Group's Risk Control/Internal Audit Manager has direct access to the Chairman and members of the Audit Committee.

Corporate governance report continued

Remuneration Committee

The Remuneration Committee comprises all the independent Non-executive Directors and is chaired by R. Lane-Smith. The Committee reviews the contractual and remuneration arrangements of the Executive Directors and senior executives, based upon their performance during the accounting period. The Directors' remuneration report is presented on pages 28 to 31 of these Financial statements.

Nominations Committee

The Nominations Committee is chaired by R. Lane-Smith and also comprises the other Non-executive Directors. The Committee is responsible for making recommendations on the appointment of new Directors to the Board and in respect of the Board's balance and structure. The Nominations Committee has not met during the accounting period ended 25 January 2004.

Attendance at Board/Committee Meetings

The following table shows the number of Board and Committee meetings held during the 52 weeks ended 25 January 2004 and the attendance record of the individual Directors.

	Board of Directors	Audit Committee	Remuneration Committee	Nominations Committee
No. of meetings	8	2	1	0
D. Whelan	8	-	-	-
T.W. Knight	8	-	-	-
J.D. Greenwood	8	-	-	-
B.J.K. Dunn	7	-	-	-
G.W. Foster	4	-	-	-
A.G. Thomas	7	2	1	0
R. Lane-Smith	8	2	1	0
D.M.M. Beever	7	2	1	0

George Foster resigned from the Board on 14 November 2003.

Associate Board of Directors

Individual Executive Directors are responsible for the control of operational matters. In order to effect day to day control of the Group, a second tier Board was created in 1998 known as the Associate Board which currently comprises the Chairman and Executive Directors, together with 14 Associate Directors who are senior executives of the Group, responsible for all key disciplines within the business.

Whilst the Associate Directors have not been appointed to the office of Companies Act Director, their experience and knowledge ensure a strong link between the Group's strategy which is set by the Board and its implementation across the business.

Internal control and risk management

The Company has established an Internal control framework encompassing both its financial and non-financial controls, the effectiveness of which is regularly reviewed by the Board and senior managers.

The Board is ultimately responsible for maintaining the effectiveness of the Group's system of internal control, whilst it is the role of management to implement Board policies on risk and control. The Board is assisted in discharging its duties by the Audit Committee, which provides a direct link to both internal and external auditors through regular meetings. Such a system is designed to effectively manage, rather than eliminate, the risks that are significant to the fulfilment of the Group's business objectives of long-term growth of shareholder value via the maximisation of future earnings, and the safeguarding of the Group's assets.

Any system of internal control can only provide reasonable and not absolute assurance that all significant business risks will be fully mitigated. However, by ensuring that the system of internal control reflects the risk environment in which the Group operates, the system provides adequate assurance that the key risks facing the Group are properly managed.

The Board sets the overall strategy and policy of the Group and has put in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to.

Detailed operational procedures are adopted and followed by the Group's principal functional activities and are designed to incorporate key controls. These key controls are subject to periodic internal audit review to ensure that they are being operated effectively and that they are suitable to manage any significant business risks faced by the Group. Reports of internal audit reviews performed are made available to the Board and the Audit Committee.

The risk management processes and internal controls are continuously reviewed and assessed by the Board, as part of their Executive responsibilities. The Board considers all significant aspects of internal control, including financial, operational and compliance controls, as well as the risk management process adopted by the Group. The review process is based on the reports made to the Board by the Risk Control/Internal Audit Manager and the Associate Director of Retail Audit, as well as other ad hoc reports from Management. The Board also takes into consideration any matters raised by the Audit Committee.

In line with the requirements of the Combined Code, the Group has operated a risk management process throughout the 52 weeks ended 25 January 2004 and up to the date of approval of this Annual report and Financial statements. The process is designed to ensure that all significant risks to the achievement of the Group's objectives are identified on a timely basis, assessed and managed effectively.



Auditor independence

The Board is satisfied that Deloitte & Touche LLP has adequate policies and safeguards in place in order to ensure that auditor objectivity and independence is maintained.

Relations with shareholders

The Company is committed to maintaining an active dialogue with shareholders in order to build a mutual understanding of its objectives. The Board invites institutional shareholders and analysts to briefings after the announcement of the Company's interim and full year results. There is also regular dialogue with individual institutional investors, fund managers and analysts. The Board encourages communication with private shareholders through publication of its Annual and Interim results as well as the trading updates which are issued at the time of the Annual General Meeting and after Christmas. The Annual General Meeting is used as an opportunity to gather the views of shareholders and to answer the questions of both private and institutional investors on all issues relevant to the Group.

The Group's website, www.jjb.co.uk, also includes an area dedicated to corporate information, including Annual and Interim reports, press releases, share price histories, Group news and certain Group policy documents.

Health and safety

Operating in a safe manner, with due consideration for the health, safety and welfare of all employees and others who may be affected by our work activities, is vital to the success of our business and is something to which, as a Group, we are fully committed.

Overall responsibility for health and safety rests with the Board of Directors. In order to effect day to day control of health and safety, JJB has an Associate Director of Group Health, Safety and Insurance, Lesley Lindley. Lesley is an associate of the Institute of Occupational Health and Safety, the Institute of Risk Management and the Chartered Insurance Institute and reports directly to the Board of Directors on all health and safety issues together with all insurance matters.

All retail stores and health club managers have now undergone a basic health and safety training course covering the most common health and safety issues in the workplace. The course is approved by the Chartered Institute of Environmental Health. A rolling program is in place to ensure that this training is kept up to date. Further training is currently being considered for more senior retail and Leisure Division management and is demonstrative of our ongoing commitment to health and safety.

Distribution Centre managers have recently undertaken an Institute of Occupational Safety and Health - 'Managing Safely' course, to ensure the competence of those managers in contributing to the overall safety of the Distribution Centre environment.

Directors' responsibilities

United Kingdom company law requires the Directors to prepare Financial statements for each accounting period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing the Financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial statements.

The Directors confirm that these Financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company has a website that contains up to date information on Group activities and published financial results. The Directors are responsible for the maintenance and integrity of this website.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Group's accounts.

Variety Club

The Greatest Children's Charity in the World



Macmillan 
cancer relief

“ This brings a grand total of over
£1 million raised through JJB since the
campaign began in 1999. ”





Corporate responsibility statement

JJB recognises that it has a duty to ensure that its business is conducted in a socially responsible manner by maintaining high standards of both social and environmental behaviour. Through its employees, the Company aims to comply with all applicable laws in order to meet, and where possible exceed, best practice conditions in both the national and global markets within which it operates.

Corporate responsibility is monitored on an ongoing basis via the Corporate Social Responsibility (CSR) Committee. The CSR Committee is chaired by B.J.K. Dunn the Property Director and comprises a number of other senior executives; it is tasked with ensuring that the range of controls which JJB has in place to manage CSR risks are operating effectively and that responses to changes in current legislation and regulations are implemented in a timely manner.

Commitment

JJB is committed to minimising its negative social impacts and wishes to be recognised as a leading corporate citizen within all areas of its operation. The Company continues to be selected for inclusion in the FTSE4Good index, launched in July 2001, which is designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. FTSE4Good is used as a basis for the creation of socially responsible investment products.

During 2004, JJB strengthened its position in the Business in the Community index of Corporate Responsibility. We also continue to be included in the Business in the Environment index of Corporate Environmental Engagement and were delighted to be recognised by them as one of the "Biggest movers" i.e. companies included on the index with an increase in average score greater than 20%. This is a clear indication of our continued commitment to corporate responsibility engagement.

JJB was also pleased to be included in the Kempen SNS Smaller Europe SRI index, launched in October 2003, which is the first index to track the performance of smaller companies in Europe.

Inclusion within the indices referred to above will allow JJB to compare and assess how we integrate responsible business practices through our organisation with those of our peers, identifying opportunities for improvement, and will also provide further demonstration to current and potential shareholders that we are compliant with best practice.

Guiding principles of corporate responsibility

JJB is fully committed to ensuring its business is conducted in a socially responsible manner and has developed a set of broad corporate responsibility principles which will guide its future progress. These principles relate to community relations, environmental issues and ethical labour standards.

Community relations

We value the relationships with both our customers and the wider communities within which we operate and will behave as a good fellow citizen in all areas of activity.

JJB's main contribution to the community is delivered via its business activities. Our stores and health clubs play an important role in satisfying the needs of our customers allowing the redistribution of wealth back into the community through the staff we employ and train. The Company is fully committed to ensuring that both the products and services it offers are delivered by way of focus upon the family and always with value for money in mind. As a further demonstration of the commitment to the community, all JJB's indoor soccer centres are available to local schools, free of charge.

At JJB, we recognise the need to extend our "people first" philosophy beyond our business and deliver something tangible back into the community. Our community programme provides support to nominated local and national charities and good causes including Macmillan Cancer Relief and the Variety Club Children's Charity. We also offer support to our employees who participate in chosen projects.

Macmillan Cancer Relief

Macmillan Cancer Relief is dedicated to helping people living with cancer. They are working towards the day when everybody has equal and ready access to the best possible treatment and care and when unnecessary levels of fear are set aside.

In the UK, over a million people are living with cancer and four in ten people will be diagnosed with cancer during their lifetime. These figures are forecast to increase, and so will the demand for Macmillan's services.

With that in mind, JJB are pleased to be associated with Macmillan Cancer Relief, one of our chosen charity partners. Through our network of approximately 450 stores and Head Office facilities we have been involved in the sale of football badges to customers and staff and have raised approximately £130,000 during the accounting period ended 25 January 2004. This brings a grand total of over £1 million raised through JJB since the campaign began in 1999.

The money raised has helped fund Macmillan's increasing range of services, including the Macmillan nurses and doctors, new cancer care centres, a range of cancer information - via publications and its information and support centres and even direct financial help for those who need it most.

Corporate responsibility statement continued

Variety Club Children's Charity

The Variety Club Children's Charity provides a wide range of support to sick, disabled and disadvantaged children. Whether raising money to build a paediatric unit, donating a Sunshine Coach to a special school or taking groups of children on fun packed days out, the Charity aims to make a real difference to children's lives.

Management and staff from our Golf department, led by the Associate Director of Equipment, Martin Wild, have organised charity golf tournaments for the last four years and to date, with the monies raised, have purchased 10 Sunshine Coaches and raised enough at this year's Golf Day to purchase a further 3.

Sunshine Coaches is a charity that provides children with the opportunity to get out and about in order to enjoy local facilities and discover the world at large through excursions and educational visits. These coaches are specially adapted for children with special needs and are donated to organisations which strive to improve the quality of life for young people, something with which JJB are proud to be associated.

Environmental principles

In striving to achieve business objectives, JJB must act responsibly in relation to the impact of its activities on the local community and the environment at large and have accordingly incorporated an environmental management system within our overall risk management framework. The Company recognises its responsibility to minimise environmental impacts and through the effective management of agreed action plans we expect to achieve this whilst delivering improved business performance. JJB will continue to be involved with selected indices as described on page 25 of these Financial statements, further demonstrating our continuing commitment to be at the leading edge of current environmental issues. The overall approach to environmental issues is incorporated within the core business management processes and encapsulated within the following core principles:

- The reduction of adverse environmental impacts arising from our activities and operations;
- Ensuring effective and efficient use of materials and energy;
- Maintaining a waste management system strategy which minimises waste arising and maximises waste recovery whilst ensuring responsible disposal methods, wherever possible;
- Ensuring compliance with relevant environmental laws, statutory obligations and codes of best practice; and
- Incorporate the principle of sustainable development through a systematic approach to environmental management in order to achieve continual improvement.

Environmental impacts

JJB assisted by a team of environmental and sustainability services consultants, has performed a detailed assessment of its environmental impacts. The most significant impacts are managed through an Environmental Management System (EMS) and the Board is confident that this system will provide the structure through which it will deliver its environmental policies across the Group. The EMS consists of detailed action plans with named senior executive ownership, together with objectives and targets against which relative progress is monitored and reported as follows:

- CO₂ emissions have been calculated using DEFRA guidelines and are monitored to minimise atmospheric impact;
- Energy consumption has risen by 3 per cent against an 8 per cent increase in floor space in use and a 56 per cent increase in the number of health clubs;
- Waste generation has increased by 4 per cent against the 8 per cent increased floor space but the quantity recycled has risen by over 22 per cent; and
- Total water consumption has increased by 37 per cent although store efficiency has improved by 2 per cent and there was a 56 per cent increase in the number of health clubs, all of which incorporate swimming pools.

Further details, including details of progress made and future targets, can be found within the environmental management section of the JJB website.

Ethical labour principles

As a responsible Corporate Citizen, JJB seeks to provide its customers with high quality, value for money products, sourced from suppliers and manufacturers who can clearly demonstrate compliance with both the Group's own codes of practice as well as internationally accepted standards.

JJB's Code of Business Ethics, its Supplier Code of Practice and its Factory Code of Conduct, which are set out on our website www.jjb.co.uk, have been accepted by all of our suppliers and source manufacturers. The Codes are based upon the internationally accepted principles of the Ethical Trading Initiative Base Code of Labour Standards and the Model Code of Conduct devised by the World Federation of the Sporting Goods Industry.

We care about the labour standards within our global supply chain and expect our suppliers to demonstrate similar concerns. In order to obtain assurance that the overseas factories used by our suppliers and source manufacturers comply with the Factory Code of Conduct and so promote sustained improvement in factory working conditions, a factory inspection methodology has been rolled out with the assistance of a specialist consultancy. Going forward, the continued use of the consultants is to be complemented with a programme of high-level reviews performed by our buying team when they make supplier visits.



Workplace

Within its workplace, JJB applies the same level of commitment across its stores, health clubs, Head Office, Distribution Centre and other facilities ensuring a safe, challenging and rewarding work environment.

The Board recognises its responsibility for the maintenance of a safe and healthy workplace and work environment for employees and others (customers, contractors, visitors and the general public) who may be affected by its work or undertakings. The Company policy states that all employees have a duty to act responsibly and to take reasonable care for the health and safety at work of themselves, their colleagues and customers. Further responsibilities are placed upon senior management and the Property Director is tasked with keeping the Board of Directors advised on occupational health and safety matters.

JJB is fully committed to the core principle of Equal Opportunity within the workplace and adheres to high standards of employment practice. We have detailed employment policies which are applied in a fair manner so as to reward people fairly and provide appropriate levels of personal development and training within a safe and healthy workplace. The Group's policies are designed to value the human rights of all employees, whether directly employed, sub-contracted or employed within the supply chain.

JJB is dedicated to the highest standards of openness, probity and accountability. In line with that commitment, the Group encourages employees and others with serious concerns about any aspect of the Group's work to come forward and voice those concerns without fear of reprisals. Normally any concern about a workplace situation should be raised with the employee's immediate line manager or Head of Department; in the case of customers, concerns would normally be raised through our Customer Service Department. However, it is recognised that because of the seriousness and sensitivity of some issues, together with the knowledge of who the employee thinks may be involved in wrongdoing, this may be difficult, especially because the Group has so many places of work. To this end, JJB encourages employees to report undesirable practices via its confidential notification telephone line.

All of JJB's endeavours and initiatives across the corporate responsibility spectrum are focused towards the provision of ethically produced, quality, value for money products, through a safe and satisfied workforce in a way that benefits the communities within which the Group operates.

JJB has recently updated its Retail Operations Manual, a copy of which is maintained in all retail stores and will also be available online when the JJB intranet is fully operational later in 2004.

The Manual contains comprehensive procedural guidance together with copies of policy documents which spell out JJB's stance on areas such as our Code of Business Ethics, Health and Safety and Equal Opportunities.

Directors' remuneration report

For the 52 weeks ended 25 January 2004

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 which introduced new statutory requirements for the disclosure of directors' remuneration in respect of periods ending on or after 31 December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to Directors' remuneration. As required by the Regulations, a resolution to approve the Director's remuneration report will be proposed at the forthcoming Annual General Meeting of the Company.

The auditors are required to report on the auditable part of the Directors' remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Constitution of the Committee

The Remuneration Committee is chaired by R. Lane-Smith and also consists of A.G. Thomas and D.M.M. Beever with the Chairman, D. Whelan, attending as appropriate, to give advice. D. Whelan does not participate in the determination of his own remuneration package.

Remuneration of Executive Directors

The remuneration of the Executive Directors is determined by the Remuneration Committee.

The remuneration policy aims to ensure that the Executive Directors are fairly rewarded for their individual contributions to the Group's performance and that remuneration packages are competitive with regards to those of comparable public companies and, through a performance related bonus and the award of share options, incentivise the Director concerned to improve the performance of the Group. The elements of remuneration are a basic salary, a performance related bonus, certain taxable benefits, contributions made into Directors' personal pension schemes and share options. In addition, G. W. Foster who was Chief Executive of TJ Hughes Limited and resigned as a Director of JJB Sports plc in November 2003 following the sale of that undertaking, was entitled to a performance bonus based upon the results of TJ Hughes Limited and was a member of the TJ Hughes defined benefit pension scheme.

Basic salary

The basic salaries of Executive Directors are set by the Remuneration Committee who take into consideration the levels of salaries of Directors in similar sized public companies within the FTSE 250 Index and which are then tailored to individual experience, responsibility and performance.

On 1 July 2003 D. Whelan advised the company that, with immediate effect he would not draw his basic salary until further notice; no basic salary has been paid to D. Whelan since that date.

Performance related bonus

With effect from 1 February 2003, the Executive Directors have been entitled to a performance related bonus scheme to which members of the Associate Director Board of JJB were also entitled. This bonus takes the form of an annual payment, calculated as a percentage of basic salary, based upon the pre-tax profits of the core JJB business (i.e. excluding the results of TJ Hughes Limited). The entitlement earned in respect of the 52 weeks ended 25 January 2004 represents the first of a three year bonus plan where the net profit levels on which bonus is payable in any year gradually increase over those of the previous year. The bonus payable at the end of the fourth year will represent an amount equal to the bonus paid in the three previous years, provided that the Executive Director or Associate Director is still in the Company's employment at the end of the fourth year.

The maximum amount payable in any one of the first three years of this scheme is limited to 40 per cent of the Directors basic salary.

G. W. Foster participated in a TJ Hughes Limited management bonus scheme which provided an incentive payable when the net profit before tax for that Company exceeded a target set by the Non-executive Directors at the beginning of the accounting period. The maximum rate of bonus payable was 50 per cent of his basic annual salary but no bonus was earned during the accounting period up to his resignation in November 2003.

Taxable benefits

Executive Directors are eligible for taxable benefits, which include membership of a private medical scheme and the provision of a company car with payment of its operating expenses including private mileage or the payment of a monthly lump sum towards the costs incurred on business travel in their own car.

Pensions

The Executive Directors make contributions into their own personal pension schemes and the Company contributes a similar amount into those schemes, limited to a fixed percentage of their basic salary.

G. W. Foster also participated in the TJ Hughes Defined Benefit Pension Scheme which, dependent on length of service, provided a pension of up to two-thirds of pensionable salary on retirement, together with death in service benefits and dependents' pensions. Only basic salary was pensionable. JJB Sports plc ceased to have any responsibility for the Scheme following the sale of TJ Hughes Limited in November 2003.



1999 Share Option Schemes

Grants of share options to Executive Directors are at the discretion of the Remuneration Committee. Grants are intended to promote a longer term involvement in the well-being of the Company and to give capital growth benefits for the option holders. Options are not routinely granted but made on an individual basis to reflect either performance, increased responsibility and promotion or as part of the remuneration package on being appointed an Executive Director.

The maximum value of options to be granted to any employee under the 1999 Approved Share Option Scheme is restricted to £30,000. In addition, options can be granted under the 1999 Unapproved Share Option Scheme, the maximum number being calculated by a formula which restricts the aggregate option exercise price to four times the basic salary of the employee less the value of any options granted under the 1999 Approved Share Option Scheme.

The exercise of share options is subject to performance conditions requiring various specified growths in earnings per ordinary share of the Group, over at least three consecutive financial periods. In respect of the share options granted several years ago to D. Whelan, J.D. Greenwood and B.J.K. Dunn, the performance condition attaching to the options was a growth in Group earnings per ordinary share by more than 10 per cent per annum plus the percentage increase in the Retail Price Index, for the option to be fully exercisable. For the option to be exercisable in relation to half the shares subject to that option, the increase in earnings per ordinary share was to be 5 per cent per annum plus the percentage increase in the Retail Price Index.

The same performance condition applied to the options granted to G.W. Foster, except that the growth in earnings per share were only in respect of the earnings of TJ Hughes Limited.

As regards the share option awarded to T.W. Knight, the performance condition attaching to this option is for the Group to achieve an increase in earnings per share of over 12 per cent in total for the three years ending 31 January 2005, using a base, headline earnings per share of 25.5 pence.

Details of share options held by Executive Directors are set out in the table on page 31 but no options were granted during the 52 weeks ended 25 January 2004.

Contracts of Service

The service contracts of all the Executive Directors have no fixed term and are terminable on three months notice by either party.

In addition, the service contract of T. W. Knight contains a change of control clause which provides for twelve months notice in the event of a change of control of the Group.

The service contracts of D. Whelan and J.D. Greenwood were dated 10 November 1994, B.J.K Dunn's was dated 7 June 1996 and T.W. Knight's dated 11 July 2003.

The letter of appointment of A.G. Thomas was dated 13 April 1995, R. Lane-Smith's dated 13 January 1999 and D.M.M. Beever's dated 26 May 2000.

Remuneration of Non-executive Directors

The remuneration of the Non-executive Directors is determined by the Chairman after consultation with the other Executive Directors, taking into account the performance of the Non-executive Directors in the year and the levels of remuneration paid by comparable public companies.

During the 52 weeks ended 25 January 2004, an additional amount was paid to the Non-executive Directors as remuneration for additional work which they carried out as Independent Directors during the abortive management buyout. The amount payable to any one Non-executive Director took into account the time that the individual spent on the additional work.

The Non-executive Directors do not receive any pension or other benefits from the Company, nor do they participate in any bonus, incentive or share option scheme.

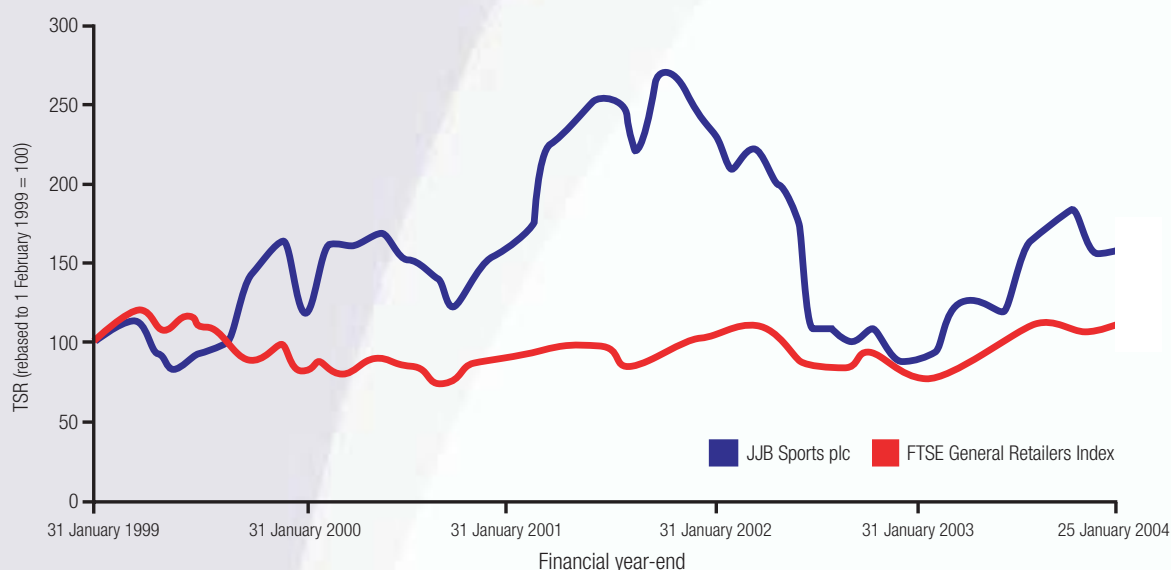
Non-executive Directors have three year service contracts with the Company, terminable on three months notice by either party.

Directors' remuneration report continued

For the 52 weeks ended 25 January 2004

Performance graph of Total Shareholder Return

The graph below shows the Group's Total Shareholder Return (TSR) compared to the FTSE General Retailers Index over the last five years. TSR is defined as the share price growth plus reinvested dividends. The index chosen for the comparison demonstrates the Group's TSR in comparison to the average for companies operating in the same sector.



Audited information

Directors' detailed emoluments

Details of individual Directors' emoluments for the accounting period were as follows:

	Fees as Directors	Additional remuneration	Basic salary	Performance related bonus	Taxable benefits	Pension contributions	2004 Total	2003 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors:								
D. Whelan	-	-	125	64	25	-	214	357
D.J. Sharpe (dec'd)	-	-	-	-	-	-	-	244
T.W. Knight	-	-	253	64	13	16	346	75
J.D. Greenwood	-	-	235	50	23	2	310	231
B.J.K. Dunn	-	-	195	42	23	8	268	205
G.W. Foster	-	-	174	-	28	27	229	252
Non-executive Directors								
A.G. Thomas	28	18	-	-	-	-	46	25
R. Lane-Smith	28	5	-	-	-	-	33	25
D.M.M. Beever	28	6	-	-	-	-	34	25
Total	84	29	982	220	112	53	1,480	1,439
2003 total	75	-	1,158	45	83	78		

All Directors served throughout the two accounting periods covered by the table with the exception of D.J. Sharpe who died on 7 October 2002, G.W. Foster who was appointed on 13 May 2002 and resigned on 14 November 2003 and T.W. Knight who was appointed on 7 October 2002.

D. Whelan waived payment of his basic salary from 1 July 2003; the amount of basic salary shown in the table includes the amount paid to him only up to 30 June 2003.

Included in the above table is £32,800 (2003 - £25,000) paid to a third party in respect of the services of R. Lane-Smith and £18,000 (2003 - £Nil) paid to a third party in respect of the services of A.G. Thomas.



Share options

Aggregate emoluments disclosed on the previous page do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of the options exercised during the accounting period are as follows:

	Scheme	Number of options	Exercise price (pence)	Market price at exercise date (pence)	Gains on exercise 2004 £	Gains on exercise 2003 £
B.J.K. Dunn	1999 Unapproved	211,500	184.84	293.00	228,769	-
G.W. Foster	1999 Unapproved	108,571	182.60	269.00	93,806	-
	Total	320,071			322,575	-

Directors beneficial interests in share options at the beginning and the end of the accounting period, were as follows:

	Scheme	Number of 5p ordinary shares			Exercise price (pence)	Date from which exercisable	Expiry date
		Share options at beginning of accounting period	Share options exercised during the accounting period	Share options at end of accounting period			
D. Whelan	1999 Unapproved	649,200	-	649,200	184.84	17.02.02	16.02.09
T.W. Knight	1999 Unapproved	250,000	-	250,000	150.20	12.10.05	11.10.12
J.D. Greenwood	1999 Approved	15,800	-	15,800	189.84	18.05.02	17.05.09
	1999 Unapproved	330,000	-	330,000	184.84	17.02.02	16.02.09
	Total	345,800	-	345,800			
B.J.K. Dunn	1999 Unapproved	211,500	(211,500)	-	-	-	-
G.W. Foster	1999 Unapproved	108,571	(108,571)	-	-	-	-
Total		1,565,071	(320,071)	1,245,000			

The exercise of options under both schemes is subject to performance conditions that require various growths in earnings per ordinary share as set out on page 29. The market price of 5 pence ordinary shares on Friday 23 January 2004 was 256 pence and the range during the accounting period was 138 pence to 303 pence.

Directors' interests

The interests of the Directors in the shares of the Company at the beginning of the accounting period, and the end of the accounting period were:

	25 January 2004		31 January 2003	
	Number of 5p ordinary shares		Number of 5p ordinary shares	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
D. Whelan	28,533,306	29,073,040	32,033,306	29,073,040
T.W. Knight	100,000	-	100,000	-
J.D. Greenwood	479,278	-	479,278	-
B.J.K. Dunn	-	-	-	-
G.W. Foster	-	-	24,139	-
A.G. Thomas	36,000	-	36,000	-
R. Lane-Smith	59,100	-	59,100	-
D.M.M. Beaver	104,200	-	104,200	-

G.W. Foster resigned as Director on 14 November 2003.

During the period from 25 January 2004 to 11 May 2004, R. Lane-Smith sold 15,000 5p ordinary shares and D.M.M. Beaver sold 34,000 5p ordinary shares; there were no other changes in Directors interests between these dates.

R. Lane-Smith
Chairman of the Remuneration Committee
14 May 2004

Independent Auditors' report to the members of JJB Sports plc

For the 52 weeks ended 25 January 2004

We have audited the Financial statements of JJB Sports Plc for the 52 weeks ended 25 January 2004 which comprise the Profit and loss account, the Balance sheets, the Cash flow statement, the Statements of total recognised gains and losses, and the related notes 1-30 together with the Reconciliations of movements in shareholders' funds and the Statement of accounting policies. These Financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described in the statement of Directors' responsibilities on page 23 of the Financial statements, the Company's Directors are responsible for the preparation of the Financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the Annual report including the Directors' remuneration report. Our responsibility is to audit the Financial statements and the part of the Directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the Financial statements give a true and fair view and whether the Financial statements and the part of the Directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the Financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the Corporate governance report reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' report and the other information contained in the Annual report for the above accounting period as described in the Contents section including the unaudited part of the Directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial statements and the part of the Directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial statements and the part of the Directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial statements and the part of the Directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the Financial statements give a true and fair view of the state of affairs of the Company and the Group as at 25 January 2004 and of the profit of the Group for the accounting period then ended; and
- the Financial statements and the part of the Directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester
14 May 2004



Consolidated profit and loss account

For the 52 weeks ended 25 January 2004

	Notes	2004		2003	
		Continuing operations	Discontinued operations	Total	
		£'000	£'000	£'000	
Turnover	1	771,772	158,040	929,812	934,276
Cost of sales		(395,624)	(109,041)	(504,665)	(519,271)
Gross profit		376,148	48,999	425,147	415,005
Other net operating expenses (including goodwill amortisation and exceptional operating items)	2	(307,000)	(46,825)	(353,825)	(334,247)
Operating profit		69,148	2,174	71,322	80,758
Operating profit before goodwill amortisation and exceptional operating items		87,978	2,523	90,501	93,822
Goodwill amortisation	12	(12,753)	(349)	(13,102)	(13,064)
Exceptional operating items	3	(6,077)	-	(6,077)	-
Loss on disposal of subsidiary undertaking	14 (b)			(852)	-
Interest receivable	4			7,149	7,831
Interest payable and similar charges	5			(9,781)	(11,329)
Profit on ordinary activities before taxation	6			67,838	77,260
Taxation on profit on ordinary activities	8			(22,376)	(27,492)
Profit on ordinary activities after taxation				45,462	49,768
Dividends paid and proposed	10			(23,297)	(17,040)
Retained profit for the period	23			22,165	32,728
Profit on ordinary activities before taxation, goodwill amortisation, exceptional operating items and loss on disposal of subsidiary undertaking				87,869	90,324
Underlying headline earnings per ordinary share	11			26.99p	26.10p
Earnings per ordinary share	11			19.27p	20.68p
Diluted earnings per ordinary share	11			19.23p	20.58p

A statement of movements on reserves is given in note 23 to the Financial statements on pages 49 to 50.

The accompanying notes and Statement of accounting policies are an integral part of this Consolidated profit and loss account.

Statements of total recognised gains and losses

For the 52 weeks ended 25 January 2004

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Profit on ordinary activities after taxation	45,462	49,768	40,894	38,853
Exchange rate movement	223	204	-	-
Total recognised gains relating to the period	45,685	49,972	40,894	38,853

Reconciliations of movements in shareholders' funds

For the 52 weeks ended 25 January 2004

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Retained profit for the period	22,165	32,728	17,597	21,813
Exchange rate movement	223	204	-	-
	22,388	32,932	17,597	21,813
Proceeds of share issues	5,440	-	5,440	-
Consideration paid on purchase of own shares	-	(24,636)	-	(24,636)
Shareholders' funds at 31 January 2003	325,175	316,879	286,939	289,762
Shareholders' funds at 25 January 2004	353,003	325,175	309,976	286,939

The accompanying notes and Statement of accounting policies are an integral part of these statements.



Balance sheets

As at 25 January 2004

	Notes	Group		Company	
		2004	2003	2004	2003
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets – goodwill	12	186,347	207,414	209	222
Tangible assets	13	155,791	198,709	140,037	126,612
Investments	14 (a)	-	-	290,104	334,169
		342,138	406,123	430,350	461,003
Current assets					
Stocks	15	128,084	147,906	102,467	87,566
Debtors	16	11,481	16,889	16,500	16,049
Current asset investments	17	210,478	170,478	210,478	170,478
Cash at bank and in hand		41,258	37,251	17,355	8,260
		391,301	372,524	346,800	282,353
Creditors					
Amounts falling due within one year					
Borrowings	18	(170,478)	(172,478)	(170,478)	(170,478)
Others	18	(100,987)	(151,091)	(191,489)	(176,946)
		(271,465)	(323,569)	(361,967)	(347,424)
Net current assets (liabilities)		119,836	48,955	(15,167)	(65,071)
Total assets less current liabilities		461,974	455,078	415,183	395,932
Creditors					
Amounts falling due after more than one year					
Borrowings	19	(84,821)	(95,898)	(84,821)	(89,398)
Others	19	(7,559)	(14,257)	(6,973)	(7,234)
		(92,380)	(110,155)	(91,794)	(96,632)
Provisions for liabilities and charges	21	(16,591)	(19,748)	(13,413)	(12,361)
Net assets		353,003	325,175	309,976	286,939
Capital and reserves					
Called-up share capital	22	11,899	11,752	11,899	11,752
Share premium account	23	157,129	151,836	157,129	151,836
Capital redemption reserve	23	706	706	706	706
Profit and loss account	23	183,269	160,881	140,242	122,645
Equity shareholders' funds		353,003	325,175	309,976	286,939

The accompanying notes and Statement of accounting policies are an integral part of these Balance sheets.

Signed on behalf of the Board

D. Whelan
Chairman
14 May 2004

Consolidated cash flow statement

For the 52 weeks ended 25 January 2004

	Notes	2004	2003
		£'000	£'000
Net cash inflow from operating activities	24	77,707	149,298
Returns on investments and servicing of finance			
Interest received		7,149	7,831
Interest paid		(9,358)	(10,677)
Net cash outflow		(2,209)	(2,846)
Taxation			
UK corporation tax paid		(24,564)	(30,730)
Foreign tax paid		(296)	(350)
Net cash outflow		(24,860)	(31,080)
Capital expenditure			
Purchase of tangible fixed assets		(34,670)	(47,307)
Sale of tangible fixed assets		1,977	6,142
Net cash outflow		(32,693)	(41,165)
Acquisition and disposal			
Purchase of subsidiary undertaking	14(a)	(5)	(44,065)
Net overdraft acquired with subsidiary undertaking		-	(7,567)
Disposal of subsidiary undertaking	14(b)	46,421	-
Net cash disposed with subsidiary undertaking		(228)	-
Net cash inflow (outflow)		46,188	(51,632)
Equity dividends paid		(18,899)	(17,658)
Cash inflow before management of liquid resources and financing		45,234	4,917
Management of liquid resources			
Tender offer cash deposit	26	(40,000)	-
Financing			
Issues of ordinary share capital		5,440	-
(Decrease) increase in loans	26	(6,667)	48,500
Purchase of own shares		-	(24,636)
Net cash (outflow) inflow		(1,227)	23,864
Increase in cash in the period	26	4,007	28,781

The disposal of TJ Hughes Limited in the accounting period ended 25 January 2004 resulted in an adverse cash flow of £12,175,000 affecting the Group's net cash inflow from operating activities. The disposal also resulted in adverse cash flows relating to returns on investments and servicing of finance of £209,000, UK corporation tax paid of £159,000 and purchase of tangible fixed assets of £4,222,000.

The accompanying notes and Statement of accounting policies are an integral part of this Consolidated cash flow statement.



Statement of accounting policies

For the 52 weeks ended 25 January 2004

The principal Group accounting policies are set out below. The policies have all been applied consistently throughout the current and preceding accounting periods.

Basis of accounting

The Financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The acquisition method of accounting has been adopted under which the results of subsidiary undertakings acquired or disposed of in the accounting period are included in the Consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the Company's Financial statements, investments in subsidiary undertakings are stated at cost less an amount representing goodwill written off to reserves in 1988. Provisions for temporary fluctuations in value are not made. Only dividends received and receivable are credited to the Company's Profit and loss account.

No Profit and loss account is presented for JJB Sports plc, as permitted by Section 230 of the Companies Act 1985.

Goodwill

Goodwill consists of:

- Goodwill purchased on the acquisition of unincorporated businesses which is stated at cost. Amortisation has been provided to write off the cost of this goodwill over its estimated useful life in equal annual installments based upon the unexpired period of the property lease which relates to the business acquired; and
- Goodwill arising on the acquisition of subsidiary undertakings (representing the excess of the fair value of the consideration given over the fair value of the separately identifiable net assets acquired, together with associated costs). Goodwill arising on acquisitions during and since the accounting period ended 31 January 1999 is being amortised over twenty years. Goodwill arising on acquisitions in earlier accounting periods was written off against reserves on acquisition and would be charged or credited in the Profit and loss account on the subsequent disposal of the business to which it related.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided using the straight-line method at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life, as follows:

Freehold property	40 years
Short leasehold property	Period of lease
Plant, fixtures and fittings	5-20 years

Investments

Fixed asset investments are shown at cost, less provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or damaged items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future, have occurred at the Balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the Financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is measured on a non-discounted basis.

Statement of accounting policies continued

For the 52 weeks ended 25 January 2004

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the end of the accounting period are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Profit and loss account.

For the purpose of consolidation, the closing rate method is used, under which translation gains or losses are shown as a movement on reserves. The Profit and loss accounts of the foreign subsidiary undertakings are translated at the average exchange rate for the year.

Operating leases

The Group's principal leased assets are land and buildings acquired under operating leases which are generally subject to periodic rent reviews. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Any contributions receivable on acquiring short leasehold properties are credited to the Balance sheet and released to the Profit and loss account over the term of the lease. Rent free periods are treated as deferred income and are released to profit over the period up to the first rent review.

The cost of other operating leases in respect of plant, fixtures and fittings is charged to operating profit on a straight line basis over the period of the lease.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Turnover

Turnover represents sales of goods through retail shops and income generated from the provision of sports and leisure facilities, excluding VAT, in the normal course of business.

Turnover generated from the provision of sports and leisure facilities is recorded in the period the facility is made available to members.

Pension costs

For defined benefit schemes, the amount charged to the Profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the accounting period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the Profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Differences between the amounts charged to the Profit and loss account and amounts funded are shown as either provisions or prepayments in the Balance sheet.

For defined contribution schemes, the amount charged to the Profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the accounting period. Differences between contributions payable in the accounting period and contributions actually paid are shown as either accruals or prepayments on the balance sheet.



Notes to financial statements

I Segmental information and analysis of operating profit

a) Segmental information

Group turnover, profit on ordinary activities before taxation and net assets by class of business was as follows:

	Turnover		Profit on ordinary activities before taxation		Net assets	
	2004	2003	2004	2003	2004	2003
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations						
JJB retail stores	727,377	742,453	68,122	70,296	123,349	117,310
Leisure Division (including associated retail stores)	44,395	27,378	7,103	3,850	46,870	33,574
	771,772	769,831	75,225	74,146	170,219	150,884
Discontinued operations						
TJ Hughes	158,040	164,445	2,174	6,612	-	27,524
Turnover	929,812	934,276				
			77,399	80,758	170,219	178,408
Exceptional operating items			(6,077)	-		
Loss on disposal on subsidiary undertaking			(852)	-		
Net interest payable			(2,632)	(3,498)		
Net debt					(3,563)	(60,647)
Goodwill					186,347	207,414
Profit on ordinary activities before taxation			67,838	77,260		
Net assets					353,003	325,175

Group turnover, profit on ordinary activities before taxation and net assets by geographical origin was as follows:

	Turnover		Profit on ordinary activities before taxation		Net assets	
	2004	2003	2004	2003	2004	2003
	£'000	£'000	£'000	£'000	£'000	£'000
UK continuing operations	760,277	760,081	74,366	74,521	169,573	150,795
UK discontinued operations	158,040	164,445	2,174	6,612	-	27,524
Europe (excluding UK)	11,495	9,750	859	(375)	646	89
Turnover	929,812	934,276				
			77,399	80,758	170,219	178,408
Exceptional operating items			(6,077)	-		
Loss on disposal on subsidiary undertaking			(852)	-		
Net interest payable			(2,632)	(3,498)		
Net debt					(3,563)	(60,647)
Goodwill					186,347	207,414
Profit on ordinary activities before taxation			67,838	77,260		
Net assets					353,003	325,175

Group turnover by destination is not materially different to that by geographical origin.

Notes to financial statements continued

I Segmental information and analysis of operating profit continued

b) Analysis of operating profit

	2004		Total	2003		Total
	Continuing operations	Discontinued operations		Continuing operations	Discontinued operations	
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	771,772	158,040	929,812	769,831	164,445	934,276
Cost of sales	(395,624)	(109,041)	(504,665)	(405,327)	(113,944)	(519,271)
Gross profit	376,148	48,999	425,147	364,504	50,501	415,005
Other net operating expenses (including goodwill amortisation and exceptional operating items)	(307,000)	(46,825)	(353,825)	(290,358)	(43,889)	(334,247)
Operating profit	69,148	2,174	71,322	74,146	6,612	80,758

2 Other net operating expenses (including goodwill amortisation and exceptional operating items)

	2004		Total	2003		Total
	Continuing operations	Discontinued operations		Continuing operations	Discontinued operations	
	£'000	£'000	£'000	£'000	£'000	£'000
Selling and Distribution costs	262,759	41,848	304,607	254,113	39,717	293,830
Administration expenses						
- goodwill amortisation	12,753	349	13,102	13,064	-	13,064
- exceptional operating items	6,077	-	6,077	-	-	-
- other	29,824	4,628	34,452	26,774	4,172	30,946
	48,654	4,977	53,631	39,838	4,172	44,010
Other operating income	(4,413)	-	(4,413)	(3,593)	-	(3,593)
Other net operating expenses (including goodwill amortisation and exceptional operating items)	307,000	46,825	353,825	290,358	43,889	334,247
Other net operating expenses before goodwill amortisation and exceptional operating items			334,646			321,183

3 Exceptional operating items

	2004	2003
	£'000	£'000
Losses on closure of certain flagship stores and the subsequent disposal of the leases to those stores	5,272	-
Legal costs incurred on the abortive management buy-out of the Group	805	-
	6,077	-

4 Interest receivable

	2004	2003
	£'000	£'000
Interest on bank deposits	800	903
Interest on loan note deposit	6,349	6,928
	7,149	7,831



5 Interest payable and similar charges

	<u>2004</u>	<u>2003</u>
	£'000	£'000
Interest on bank loans and overdrafts	4,142	4,860
Interest on loan notes	5,216	5,833
Finance costs	423	636
	<u>9,781</u>	<u>11,329</u>

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	<u>2004</u>	<u>2003</u>
	£'000	£'000
Staff costs (see note 7)	122,931	118,537
Goodwill amortisation	13,102	13,064
Depreciation of tangible fixed assets	25,919	22,986
Loss (profit) on sale of tangible fixed assets	3,615	(318)
Operating lease rentals		
- land and buildings	92,252	89,779
- plant, fixtures and fittings	1,967	1,519
Auditors' remuneration		
- statutory audit fees	75	110
- non-audit services	150	176
	<u>122,931</u>	<u>118,537</u>

In addition to fees paid to the auditors for audit services, fees for non-audit services paid by the company to Deloitte & Touche amounted to £150,000 (2003 - £86,000) and Arthur Anderson - £Nil (2003 - £90,000). Included within fees for non-audit services for the accounting period ended 25 January 2004 was £60,000 for work carried out in relation to the failed management buy-out and £61,000 (2003 - £133,000) for the provision of VAT and payroll services to JJB Sports Netherlands BV. The remaining fees for non-audit services in both accounting periods were in respect of work which the auditors were best placed to perform.

7 Staff Costs

	<u>2004</u>	<u>2003</u>
	£'000	£'000
a) The aggregate remuneration comprised:		
Wages and salaries	115,046	111,453
Social security costs	7,245	6,554
Pension costs	640	530
	<u>122,931</u>	<u>118,537</u>

Notes to financial statements continued

7 Staff Costs continued

	Average number of employees		Full time equivalents	
	2004	2003	2004	2003
	Number	Number	Number	Number
b) The average number of persons employed by the Group during the year was as follows:				
Sales and distribution	13,754	14,723	9,667	9,758
Administration	649	595	649	595
	14,403	15,318	10,316	10,353

The above information includes Directors remuneration and numbers of Directors, full details of which can be found in the Directors' remuneration report on pages 28 to 31.

8 Taxation on profit on ordinary activities

The taxation charge comprises:

	2004	2003
	£'000	£'000
Current taxation		
UK corporation tax	23,350	24,885
Overseas tax	285	211
	23,635	25,096
Adjustments in respect of prior years		
- UK corporation tax	(1,538)	-
Total current taxation	22,097	25,096
Deferred taxation		
Origination and reversal of timing differences	279	2,396
Total deferred taxation (see note 21)	279	2,396
Total taxation on profit on ordinary activities	22,376	27,492

The differences between the effective rate of total current taxation shown above, expressed as a percentage of the profit on ordinary activities before taxation and the standard rate of UK corporation tax, is as follows:

	2004	2003
	%	%
UK corporation tax rate	30.0	30.0
Goodwill amortisation	5.8	5.1
Non allowable loss on the disposal of subsidiary undertaking	0.4	-
Overseas tax differentials	(0.4)	(0.3)
Net income not chargeable to taxation	(0.9)	(2.3)
Prior year UK corporation tax	(2.3)	-
Effective rate of total current taxation on profit on ordinary activities	32.6	32.5



9 Profit attributable to JJB Sports plc

The profit after taxation and goodwill amortisation for the accounting period dealt with in the Financial statements of the parent company, JJB Sports plc, was **£40,894,000** (2003 - £38,853,000). As permitted by Section 230 of the Companies Act 1985, no separate Profit and loss account is presented in respect of the parent company.

10 Dividends paid and proposed

	Pence per ordinary share	Number of ordinary shares on which paid / proposed	2004 £'000	2003 £'000
Interim dividend paid 11 December 2002	2.25	235,036,836	-	5,288
Final dividend paid 15 July 2003	5.00	235,036,836	-	11,752
Interim dividend paid 10 December 2003	3.00	235,295,116	7,059	-
Final dividend proposed payable 14 July 2004	7.00	230,717,049	16,150	-
Under provision in respect of dividends paid in earlier years			88	-
			23,297	17,040
Total dividends per ordinary share			10.00p	7.25p

11 Earnings per ordinary share

	2004 £'000	2003 £'000
Underlying headline earnings: Profit on ordinary activities after taxation but before goodwill amortisation, exceptional operating items net of tax and loss on disposal of subsidiary undertaking	63,670	62,832
Goodwill amortisation	(13,102)	(13,064)
Exceptional operating items net of tax	(4,254)	-
Loss on disposal of subsidiary undertaking	(852)	-
Profit on ordinary activities after taxation, goodwill amortisation, exceptional operating items net of tax and loss on disposal of subsidiary undertaking	45,462	49,768
	Number of ordinary shares	
Weighted average number of ordinary shares in issue (thousands)	235,924	240,719
Exercise of share options (thousands)	494	1,171
Diluted weighted average number of ordinary shares in issue (thousands)	236,418	241,890
Underlying headline earnings per ordinary share	26.99p	26.10p
Earnings per ordinary share	19.27p	20.68p
Diluted earnings per ordinary share	19.23p	20.58p

Underlying headline earnings per ordinary share have been calculated on the basis of profit on ordinary activities after taxation but before goodwill amortisation, exceptional operating items net of tax and loss on disposal of subsidiary undertaking. The Directors consider that this gives a better understanding of the Group's earnings.

Notes to financial statements continued

12 Intangible fixed assets - goodwill

	Group	Company
	£'000	£'000
Cost		
At 1 February 2003	263,779	341
Additions	5	-
Disposal of subsidiary undertaking	(8,641)	-
At 25 January 2004	255,143	341
Amortisation		
At 1 February 2003	56,365	119
Charge – continuing operations	12,753	13
– discontinued operation	349	-
Disposal of subsidiary undertaking	(671)	-
At 25 January 2004	68,796	132
Net book value		
At 31 January 2003	207,414	222
At 25 January 2004	186,347	209

13 Tangible fixed assets

Group	Freehold property	Short leasehold property	Plant, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 February 2003	28,353	44,067	228,814	301,234
Additions	918	2,325	31,528	34,771
Disposals	(685)	(572)	(11,673)	(12,930)
Disposal of subsidiary undertaking	(8,099)	(28,280)	(30,058)	(66,437)
Exchange rate movement	-	-	110	110
At 25 January 2004	20,487	17,540	218,721	256,748
Depreciation				
At 1 February 2003	3,259	7,732	91,534	102,525
Charge	638	1,451	23,830	25,919
Disposals	(559)	(195)	(6,283)	(7,037)
Disposal of subsidiary undertaking	(902)	(6,130)	(13,437)	(20,469)
Exchange rate movement	-	-	19	19
At 25 January 2004	2,436	2,858	95,663	100,957
Net book value				
At 31 January 2003	25,094	36,335	137,280	198,709
At 25 January 2004	18,051	14,682	123,058	155,791



13 Tangible fixed assets continued

Company	Freehold property	Short leasehold property	Plant, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 February 2003	19,600	12,110	149,823	181,533
Additions	918	2,325	26,880	30,123
Transfers from group companies	-	-	8,885	8,885
Disposals	(604)	(74)	(6,734)	(7,412)
At 25 January 2004	19,914	14,361	178,854	213,129
Depreciation				
At 1 February 2003	2,250	1,471	51,200	54,921
Charge	481	374	16,520	17,375
Transfers from group companies	-	-	5,267	5,267
Disposals	(540)	(61)	(3,870)	(4,471)
At 25 January 2004	2,191	1,784	69,117	73,092
Net book value				
At 31 January 2003	17,350	10,639	98,623	126,612
At 25 January 2004	17,723	12,577	109,737	140,037

14 Investments

a) Subsidiary undertakings

	Company	
	2004	2003
	£'000	£'000
Cost at 1 February 2003	334,406	290,341
Additions	5	44,065
Disposals	(44,070)	-
Cost at 25 January 2004	290,341	334,406
Amounts written off	(237)	(237)
Net book value	290,104	334,169

Goodwill of £237,000 which arose on the acquisition of a subsidiary in 1988 was written off against reserves in that accounting period.

Details of investments in subsidiary undertakings are as follows:

	Place of incorporation	Issued share capital held	Activity
Blane Leisure Limited	Scotland	100%	Retailer of sportswear and sports equipment
DWF Sports Limited	England	100%	Golf driving range operator and retailer of sportswear and sports equipment
JJB Sports Distribution Limited	England	100%	Provider of distribution services
Sports Division (Eireann) Limited	Eire	100%	Retailer of sportswear and sports equipment
JJB Sports Netherlands BV	Netherlands	100%	Retailer of sportswear and sports equipment
JJB Card Services Limited	England	100%	Provider of credit card processing services to the Group
JJB Sports Employment Limited	England	100%	Provider of employee services to the Group

Dormant companies are not listed in the above table.

Notes to financial statements continued

14 Investments

b) Disposal of subsidiary undertaking

	2004
	£'000
Disposal proceeds	47,000
Expenses	(579)
Net disposal proceeds	46,421
Net assets at date of disposal	(39,303)
Unamortised goodwill	(7,970)
Loss on disposal	(852)

15 Stocks

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Goods for resale	128,084	147,906	102,467	87,566

The net replacement value of stock is not considered to be materially different from that stated in the Balance sheet.

16 Debtors

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Trade debtors	629	1,561	680	399
Other debtors and prepayments	10,852	15,328	7,735	8,980
Amounts owed by subsidiary undertakings	-	-	8,085	6,670
	11,481	16,889	16,500	16,049

17 Current asset investments

	Group and Company	
	2004	2003
	£'000	£'000
Loan note deposit	170,478	170,478
Tender offer cash deposit	40,000	-
	210,478	170,478



18 Creditors: Amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Borrowings				
Bank loan (note 20)	-	2,000	-	-
Loan notes	170,478	170,478	170,478	170,478
	170,478	172,478	170,478	170,478
Others				
Trade creditors and accruals	58,639	104,551	50,694	56,744
Corporation tax	12,303	15,805	7,363	6,538
Value added tax	9,041	12,031	5,335	4,071
Other taxes and social security costs	3,636	1,940	1,727	765
Amounts owed to subsidiary undertakings	-	-	109,065	95,873
Proposed dividend	16,150	11,752	16,150	11,752
Deferred lease incentives	1,218	5,012	1,155	1,203
	100,987	151,091	191,489	176,946

Loan notes were issued to the vendors of Blane Leisure Limited (Sports Division) in September 1998, as part of the consideration for the acquisition of that Company and its subsidiaries, under an instrument which provided that the notes were redeemable on quarterly interest payment dates after 11 June 1999. By a Deed of Variation dated 26 February 2001, the maturity date up to which the loan notes can be redeemed was extended to 28 April 2006.

Interest is payable on the loan notes at a quarterly rate linked to LIBOR and the loan notes are secured by an identical amount held in a bank account and shown under current assets as "Current asset investments" (see note 17).

19 Creditors: Amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Borrowings				
Bank loans (note 20)	84,821	95,898	84,821	89,398
Others				
Deferred lease incentives	7,559	14,257	6,973	7,234

20 Bank loans

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
The bank loans represent:				
Principal loans	85,000	96,500	85,000	90,000
Unamortised finance costs	(179)	(602)	(179)	(602)
Amounts falling due after more than one year (note 19)	84,821	95,898	84,821	89,398
Amounts falling due within one year (note 18)	-	2,000	-	-
	84,821	97,898	84,821	89,398

The bank loans at 25 January 2004 comprise £84,821,000, after unamortised finance costs, being the balance of a £100 million revolving bank credit facility available to the Group for up to between one and two years, expiring on 23 June 2005.

Interest is chargeable on the bank loans at floating rates linked to LIBOR.

At 25 January 2004, there was an undrawn facility available to the Group of £15 million (2003 - £10 million) under the revolving bank credit facility.

Notes to financial statements continued

21 Provisions for liabilities and charges

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Deferred taxation	16,591	19,381	13,413	12,361
Pension obligations	-	164	-	-
Other	-	203	-	-
	16,591	19,748	13,413	12,361

Deferred taxation:

Movement in the provision during the accounting period was as follows:

	Group	Company
	£'000	£'000
At 1 February 2003	19,381	12,361
Charge to profit and loss account	279	1,052
Disposal of subsidiary undertaking	(3,069)	-
At 25 January 2004	16,591	13,413

Deferred taxation provided and deferred taxation not provided are as follows:

	Group			
	Amount provided		Amount unprovided	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Accelerated capital allowances	16,591	19,381	-	-
Gains deferred by rollover relief	-	-	251	251
	16,591	19,381	251	251

	Company			
	Amount provided		Amount unprovided	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Accelerated capital allowances	13,413	12,361	-	-
Gains deferred by rollover relief	-	-	251	251
	13,413	12,361	251	251

22 Called-up share capital

a) Authorised and issued share capital

	Ordinary shares of 5p			
	Authorised		Allotted, called-up and fully paid	
	£'000	Number	£'000	Number
At 1 February 2003	16,580	331,600,000	11,752	235,036,836
Issued on exercise of options	-	-	147	2,931,053
At 25 January 2004	16,580	331,600,000	11,899	237,967,889



22 Called-up share capital continued

b) Share option schemes

The Company has outstanding options under the following schemes:

	Date of grant	Number of ordinary shares of 5p each at 25 January 2004	Exercise price per share
(i) 1999 Unapproved Scheme	17 February 1999	1,150,590	184.84p
	13 November 2000	60,000	205.17p
	30 January 2001	120,000	260.25p
	16 April 2001	413,516	370.00p
	12 October 2002	250,000	150.20p
(ii) 1999 Inland Revenue Approved Scheme	18 May 1999	158,000	189.84p
	16 April 2001	186,484	370.00p

Options granted to Executive Directors as set out in the Directors' remuneration report on page 31, are included in the above figures.

The exercise of options under all schemes are subject to performance conditions that require various specified growths in earnings per ordinary share over a three year period, details of which, for the options granted to the Executive Directors, are set out within the Directors' remuneration report on page 29.

The market price of the ordinary shares on Friday 23 January 2004 was 256 pence and the range during the accounting period was 138 pence to 303 pence.

23 Reserves

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Share premium account	157,129	151,836	157,129	151,836
Capital redemption reserve	706	706	706	706
Profit and loss account	183,269	160,881	140,242	122,645
	341,104	313,423	298,077	275,187

The Directors regard the Company's Profit and loss account reserves as being distributable.

The movement in the accounting period was as follows:

	Share premium account	Capital redemption reserve	Profit and loss account	Total
Group	£'000	£'000	£'000	£'000
At 1 February 2003	151,836	706	160,881	313,423
Retained profit for the period	-	-	22,165	22,165
Exchange rate movement	-	-	223	223
Premium on issues of shares	5,293	-	-	5,293
At 25 January 2004	157,129	706	183,269	341,104

Notes to financial statements continued

23 Reserves continued

	Share premium account	Capital redemption reserve	Profit and loss account	Total
Company	£'000	£'000	£'000	£'000
At 1 February 2003	151,836	706	122,645	275,187
Retained profit for the period	-	-	17,597	17,597
Premium on issues of shares	5,293	-	-	5,293
At 25 January 2004	157,129	706	140,242	298,077

24 Reconciliation of operating profit to net cash inflow from operating activities:

	2004	2003
	£'000	£'000
Operating profit	71,322	80,758
Goodwill amortisation	13,102	13,064
Depreciation of tangible fixed assets	25,919	22,986
Loss (profit) on sale of tangible fixed assets	3,615	(318)
(Increase) decrease in stocks	(20,669)	3,140
Decrease in debtors	2,304	4,566
(Decrease) increase in creditors	(17,886)	25,102
Net cash inflow from operating activities	77,707	149,298

25 Reconciliation of net cash flow to movement in net debt

	2004	2003
	£'000	£'000
Increase in cash in the period	4,007	28,781
Cash outflow (inflow) from change in debt	6,667	(48,500)
Change in net debt resulting from cash flows	10,674	(19,719)
Loan disposed (acquired) with subsidiary	6,833	(10,000)
Cash flow from decrease in liquid resources	40,000	-
Amortisation of bank loan costs	(423)	(636)
Movement in net debt in the period	57,084	(30,355)
Net debt at 31 January 2003	(60,647)	(30,292)
Net debt at 25 January 2004	(3,563)	(60,647)

26 Analysis of net debt

	At 1 February 2003	Disposal	Cash flow	Other non- cash items	At 25 January 2004
	£'000	£'000	£'000	£'000	£'000
Loan note deposit	170,478	-	-	-	170,478
Tender offer cash deposit	-	-	40,000	-	40,000
Cash at bank and in hand	37,251	-	4,007	-	41,258
	207,729	-	44,007	-	251,736
Borrowings falling due within one year	(172,478)	2,000	-	-	(170,478)
Borrowings falling due after more than one year	(95,898)	4,833	6,667	(423)	(84,821)
	(60,647)	6,833	50,674	(423)	(3,563)

Notes to financial statements continued

28 Financial instruments

The numerical disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13: Derivatives and other Financial Instruments. Certain financial assets such as investments in subsidiary companies and short-term debtors and creditors (other than those required for currency exposures) are excluded from the scope of these disclosures.

a) Financial risks and policies

Set out below is a summary of the main financial risks faced by the Group during the accounting period and the policies employed to address these risks. These policies have been applied consistently throughout the accounting period and are explained in more detail in the Financial review on page 11.

Liquidity risk

The Group's policy throughout the accounting period has been to use the revolving bank credit facility together with the unsecured term loan granted to TJ Hughes Limited (up to the date of sale of this subsidiary), to achieve continuity of funding and short-term flexibility.

Interest rate risk

The Group finances its operations through a mixture of retained profits and the bank borrowings. Floating rates of interest are charged on the bank borrowings. No interest rate hedging agreement is currently in place and given the level of borrowings and the current interest rate environment; the Board does not consider fluctuations in interest rates to pose a significant risk to the Group.

Foreign currency risk

The majority of the Group's trading activities are conducted with United Kingdom suppliers and customers, the transactions being payable and receivable in sterling; only approximately £25 million of the Group's annualised purchases are settled in US dollars. Up to August 2003, the Group had a hedging agreement in place in respect of its forward dollar requirements which protected the Group's trading position and balance sheet from significant exchange rate movements. However, from September 2003, dollars are being bought and held in a dollar bank account, equivalent at any time to the value of approximately 3 month's payables.

b) Financial assets

	2004	Group	2003
	£'000		£'000
Current asset investments	210,478		170,478
Cash at bank and in hand	41,258		37,251
	251,736		207,729

The currency profile of financial assets was:

	2004	Group	2003
	£'000		£'000
Sterling	240,285		206,117
Dollar	9,372		-
Euro	2,079		1,612
	251,736		207,729

Financial assets comprise short-term cash deposits with major United Kingdom and European clearing banks and earn floating rates of interest based upon bank base rates or at rates linked to LIBOR.

c) Office of Fair Trading

In August 2003, the Office of Fair Trading (OFT) pronounced JJB guilty of price-fixing in the sale of certain replica kit products over a two year period during 2000 and 2001 and levied a fine of £8.4 million. JJB appealed against the decision of the OFT to the independent Competition Appeals Tribunal (CAT); the appeal was conducted during March 2004 and the decision of the CAT is awaited in the near future. No provision has been made in respect of this fine in JJB's accounts as, on the basis of advice received, the Board believes that the appeal will be successful.



28 Financial instruments continued

c) Financial liabilities

	Group	
	2004	2003
	£'000	£'000
Expiring in one year or less	170,478	172,478
Expiring in more than one year but not more than two years	85,000	2,000
Expiring in more than two years but not more than five years	-	94,500
	255,478	268,978
Unamortised finance costs	(179)	(602)
	255,299	268,376

All financial liabilities bear floating rates of interest with the interest rate linked to LIBOR and are repayable in sterling.

d) Facilities

The Group has a committed revolving bank credit facility, in respect of which all conditions precedent had been met, of £100 million of which £15 million was undrawn at 25 January 2004. The revolving credit facility is available for up to between one and two years, expiring no later than 23 June 2005.

e) Fair values

There is no material difference between the book value and the fair value of the Group's financial assets and liabilities.

29 Post balance sheet event

On 14 January 2004, JJB, announced a Tender Offer to be made by UBS Ltd to purchase up to £40 million of ordinary shares in JJB Sports plc for ultimate cancellation, at prices in a range between 240 pence and 280 pence per share.

On 13 February 2004, it was announced that a total of 7.25 million shares had been tendered at 280 pence per share which were duly acquired and cancelled at a cost of £20.3 million.

30 Transactions with related parties

- Whelco Holdings Limited is a company owned by members of the family of the Chairman, D. Whelan, which operates itself or through its subsidiaries, a number of businesses including that of Wigan Athletic Football Club (WAFC), Wigan Warriors Rugby League Club, the stadium in which both teams play, which is known as the "JJB Stadium", and Orrell Rugby Union Club. During the period ended 25 January 2004, the Company acted as sponsors of these clubs and the amount of sponsorship paid was £174,000 (2003 - £150,000), £347,000 (2003 - £340,000) and £45,000 (2003 - £50,000 respectively. Also during the period ended 25 January 2004, the Company paid £150,000 (2003 - £150,000) for the naming rights for the stadium. Advice was taken from independent third parties as to comparative levels of the costs of sponsorship and naming rights at other clubs and stadia, prior to the above amounts being agreed. In addition, the Company provided certain motor vehicles to WAFC in their capacity as sponsors, the running costs of which for the period ended 25 January 2004 were £12,242 (2003 - £11,743), including depreciation of £9,649 (2003 - £10,960).
- In February 2000, the freehold interest of a store in Northampton, which the Company had leased from a third party for a number of years and at which it had operated a retail store until October 1998, was acquired from the third party by the Trustees of the David Whelan Accumulation and Maintenance Settlement (a Settlement in which the Chairman, D. Whelan, has an interest). Rent under the original lease was payable by the Company to the Settlement at the rate of £80,000 per annum whilst the site was being developed to create a new superstore. Costs involved in developing the site amounting to approximately £1 million were incurred by the Company but reimbursed by the Settlement in January 2004. The Company commenced its store refit in June 2003 and was granted a three month rent free period by the Settlement until 2 September 2003 from which date the Company has paid rent on a full commercial basis at the rate of £150,000 per annum.
- In July 2003, JJB ceased to trade in a loss-making store situated in Manchester. The property was sub-let to Sharpe Knight Limited, a company owned by T.W. Knight, JJB's Chief Executive, and Mrs. J. Sharpe, the daughter of the Chairman, D. Whelan. The terms of the sub-let, which were completed on a full commercial basis, included the granting of a rent-free period of five months to Sharpe Knight Limited from the date of their entry to the premises, with a subsequent rent payable of £480,000 per annum being equivalent to that payable by JJB to their landlord.

Five year summary

Consolidated profit and loss accounts

For the 52 weeks ended January

	2004	2003	2002	2001	2000
	£'000	£'000	£'000	£'000	£'000
Turnover					
Continuing operations					
Existing	771,772	769,831	739,419	663,272	614,061
Acquisitions	-	164,445	-	-	-
Discontinued operations	158,040	-	-	-	-
Group turnover	929,812	934,276	739,419	663,272	614,061
Cost of sales	(504,665)	(519,271)	(375,997)	(350,078)	(328,264)
Gross profit	425,147	415,005	363,422	313,194	285,797
Other net operating expenses (including goodwill amortisation and exceptional operating items)	(353,825)	(334,247)	(263,137)	(234,206)	(219,506)
Operating profit	71,322	80,758	100,285	78,988	66,291
Continuing operations					
Existing	69,148	74,146	100,285	78,988	66,291
Acquisitions	-	6,612	-	-	-
Discontinued operations	2,174	-	-	-	-
Operating profit before goodwill amortisation and exceptional operating items	90,501	93,822	113,049	91,732	79,030
Goodwill amortisation	(13,102)	(13,064)	(12,764)	(12,744)	(12,739)
Exceptional operating items	(6,077)	-	-	-	-
Loss on disposal of subsidiary undertaking	(852)	-	-	-	-
Interest receivable	7,149	7,831	9,527	11,215	10,041
Interest payable and similar charges	(9,781)	(11,329)	(12,342)	(18,806)	(18,038)
Profit on ordinary activities before taxation	67,838	77,260	97,470	71,397	58,294
Taxation on profit on ordinary activities	(22,376)	(27,492)	(32,640)	(25,531)	(21,965)
Profit on ordinary activities after taxation	45,462	49,768	64,830	45,866	36,329
Dividends paid and proposed	(23,297)	(17,040)	(17,936)	(14,201)	(12,345)
Retained profit for the period	22,165	32,728	46,894	31,665	23,984
Profit on ordinary activities before taxation, goodwill amortisation, exceptional operating items and loss on disposal of subsidiary undertaking	87,869	90,324	110,234	84,141	71,033
Underlying headline earnings per ordinary share	26.99p	26.10p	31.39p	23.74p	19.76p
Earnings per ordinary share	19.27p	20.68p	26.22p	18.58p	14.63p
Dividends per ordinary share	10.00p	7.25p	7.25p	5.75p	5.00p

In calculating the earnings per ordinary share and dividends per ordinary share, the earlier years' figures have been restated to take account of the bonus issue of ordinary shares in July 2001.



Consolidated balance sheets

As at January

	2004	2003	2002	2001	2000
	£'000	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets - goodwill	186,347	207,414	211,842	224,606	237,063
Tangible assets	155,791	198,709	140,632	121,460	108,916
	342,138	406,123	352,474	346,066	345,979
Current assets					
Stocks	128,084	147,906	113,216	115,455	107,788
Debtors	11,481	16,889	16,512	12,436	10,706
Current asset investments	210,478	170,478	170,478	170,478	170,478
Cash at bank and in hand	41,258	37,251	8,470	33,171	21,394
	391,301	372,524	308,676	331,540	310,366
Creditors					
Amounts falling due within one year					
Borrowings	(170,478)	(172,478)	(170,478)	(170,478)	(192,468)
Others	(100,987)	(151,091)	(111,525)	(108,806)	(93,098)
	(271,465)	(323,569)	(282,003)	(279,284)	(285,566)
Net current assets	119,836	48,955	26,673	52,256	24,800
Total assets less current liabilities	461,974	455,078	379,147	398,322	370,779
Creditors					
Amounts falling due after more than one year					
Borrowings	(84,821)	(95,898)	(38,762)	(108,126)	(113,383)
Others	(7,559)	(14,257)	(8,967)	(8,410)	(10,565)
	(92,380)	(110,155)	(47,729)	(116,536)	(123,948)
Provisions for liabilities and charges	(16,591)	(19,748)	(14,539)	(12,504)	(9,289)
Net assets	353,003	325,175	316,879	269,282	237,542
Capital and reserves					
Called-up share capital	11,899	11,752	12,371	6,175	6,173
Share premium account	157,129	151,836	151,836	157,294	157,251
Capital redemption reserve	706	706	87	87	87
Profit and loss account	183,269	160,881	152,585	105,726	74,031
Equity shareholders' funds	353,003	325,175	316,879	269,282	237,542

Financial calendar



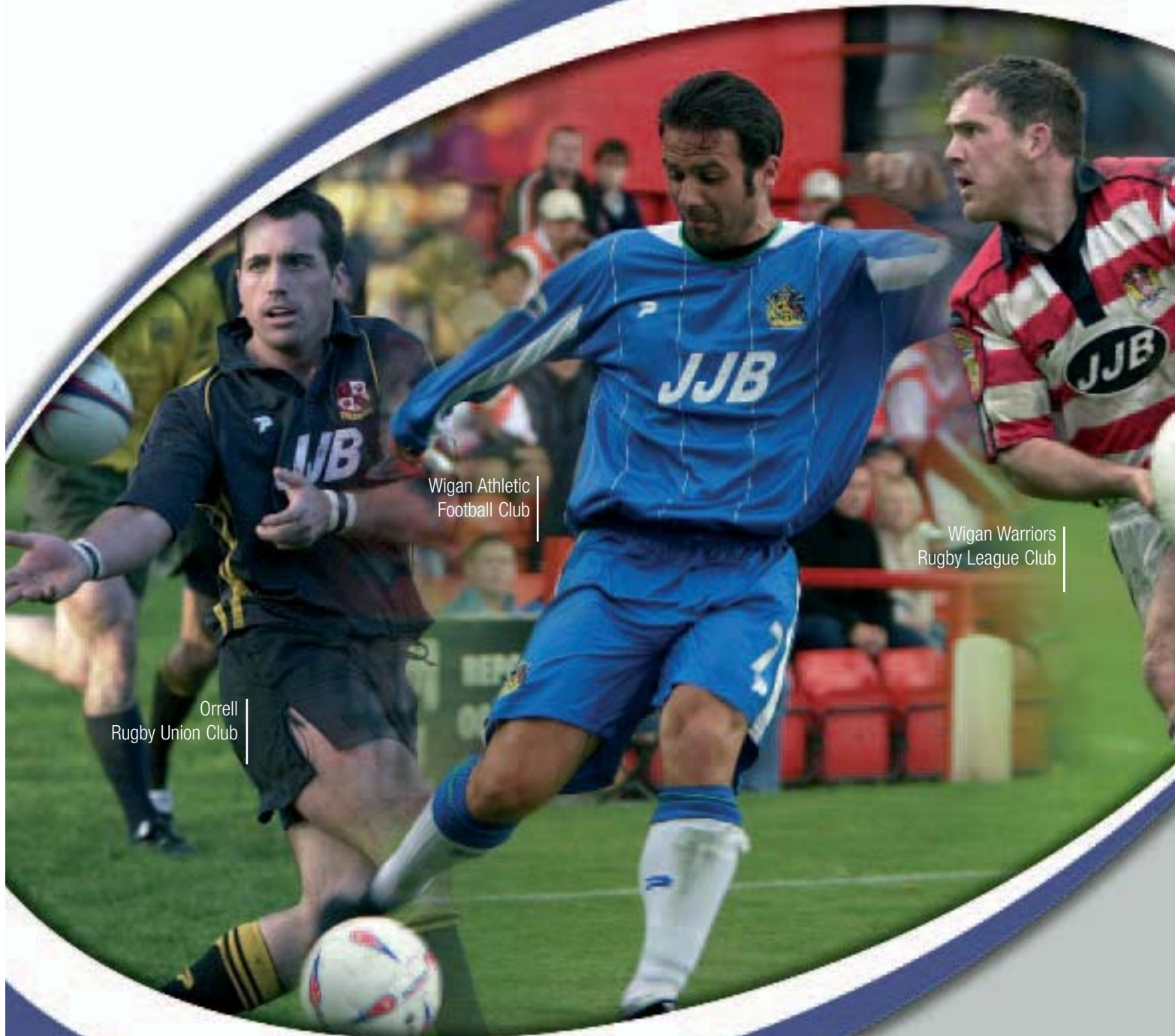
New store format

Final results announced	14 April 2004
Financial statements published	14 May 2004
Final dividend record date	11 June 2004
Annual General Meeting	9 July 2004
Final dividend payable	14 July 2004
Interim results announced	October 2004
End of accounting period	30 January 2005
Final results announced	April 2005





Sponsorships



Wigan Athletic
Football Club

Wigan Warriors
Rugby League Club

Orrell
Rugby Union Club



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