



## **PRESS RELEASE**

**21 MAY 2009**

**JJB Sports plc**

### **Interim Management Statement**

JJB is today publishing its Interim Management Statement relating to the 16 week period to 17 May 2009.

#### **Trading update**

Group revenue for the 16 week period to 17 May 2009 was 42.1% lower than the same period last year. On a like-for-like basis (on operating units that have been trading for over 52 weeks) the total revenue was 23.3% lower. This comprises a 25.8% decrease in retail store chain revenue and a 7.1% increase in revenue from the fitness clubs, which were sold on 25 March 2009.

We believe that the decrease in like-for-like retail sales is largely as a result of low stock levels, the negative publicity which has surrounded the Company, and the current retail environment. As a result of our financial difficulties over the last nine months the Company has had to exist with stock levels significantly below the previous year. Many suppliers have been reluctant to supply stock because of the lack of trade credit insurance and the widely held belief that the Company was likely to go into administration. As the lead times between the ordering of product and its delivery can be up to six months we do not anticipate any significant improvement in sales until the 4th quarter of 2009.

The combined gross margin achieved during the same period was 580 basis points lower than the comparative period last year.

The stock holding in the retail business is 46.9% lower than at the end of the same period last year.

Following the disposal of the fitness clubs business, the Company has been reducing costs to align its cost base with the sports retail focussed shape of the continuing group. This process of cost re-alignment continues.

#### **Update on restructuring and refinancing**

The Company is currently in the process of a restructuring and refinancing programme, full details of which were announced on 25 March 2009 and 6 April 2009, that comprises a CVA proposal and, conditional upon the implementation of the CVA proposal, new financing arrangements.

Documentation relating to the CVA proposal was published on 6 April 2009 and the terms of the inter-conditional company voluntary arrangements of the Company and its wholly-owned subsidiary Blane Leisure were approved by creditors and members at meetings held on 27 and 29 April 2009, respectively.

The Company currently expects the CVA proposal to be implemented on or around 28 May 2009. Following implementation of the CVA proposal, the new financing arrangements are expected to become available to the Group on or around 1 June 2009. At this time, the standstill arrangements under which the Company is currently operating will be terminated, historical financing arrangements

will be repaid and terminated and, pursuant to the shareholder authority granted at the general meeting on 29 April 2009, the Company will issue warrants to Bank of Scotland (BoS), one of the banks offering continuing support, to subscribe for new ordinary shares representing approx 4.5% of the Company's current shares in issue.

### **Financial reporting**

The Group faces a number of material uncertainties and limitations, including, but not limited to, the fact that the CVA proposal has not yet been implemented and could still be subject to a challenge and that the new financing arrangements do not become available to the Company until the CVA proposal is implemented. As a result, the Directors are currently unable to conclude on going concern and accordingly the Company is currently unable to finalise and publish its full audited accounts for the 52 weeks to 25 January 2009.

However, mindful of its disclosure obligations as a listed company, the Company has decided to publish its unaudited preliminary results for the 52 weeks to 25 January 2009 today. The Company currently expects to be in a position to publish its full audited annual financial statements in the first half of June 2009.

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A copy of this press release can also be viewed on the JJB Sports plc corporate website, [www.jjbcorporate.co.uk](http://www.jjbcorporate.co.uk)

### **About JJB Sports**

JJB Sports plc (JJB: LSE) is one of the UK's leading sports retailers. The group, headquartered in Wigan and listed on the Main Market of the London Stock Exchange, trades from over 250 JJB branded retail stores in the UK and Ireland and employs over 7,000 people. Further information about the group can be found on the group's corporate website, [www.jjbcorporate.co.uk](http://www.jjbcorporate.co.uk)