



**PRESS RELEASE**

**21 MAY 2009**

**JJB Sports plc**

**Unaudited preliminary results for the 52 weeks to 25 January 2009**

JJB Sports plc ("JJB", "JJB Sports" or the "Company") today announces its unaudited preliminary results for the 52 weeks to 25 January 2009:

**Summary of results for 2008/2009**

	<b>Unaudited 52 week Period 2008/9</b>	<b>Audited 52 week Period 2007/8</b>
Revenue	£718.3m	£811.8m
Gross margin	50.8%	50.0%
Adjusted operating (loss) profit* <sup>1</sup>	£(7.0)m	£34.3m
Operating (loss) profit	£(178.7)m	£11.3m
Adjusted (loss) profit before taxation* <sup>1</sup>	£(17.5)m	£33.8m
Adjusted net (loss) profit before taxation* <sup>2</sup>	£(8.6)m	£33.8m
(Loss) profit before taxation	£(189.2)m	£10.8m
Adjusted basic (loss) earnings per share* <sup>1</sup>	(3.53)p	10.89p
Basic (loss) earnings per share	(69.19)p	4.07p
Interim dividend paid	-	3.0p
Final dividend proposed	-	7.0p

Notes:

\*<sup>1</sup> Adjusted operating (loss) profit, adjusted (loss) profit before taxation and adjusted basic (loss) earnings per share are shown before charging various exceptional operating items totalling £171.7 million (2008: £23.0 million) as shown in the Consolidated income statement.

\*<sup>2</sup> Adjusted net (loss) profit before taxation and adjusted basic (loss) earnings per share are shown before charging various exceptional operating items totalling £171.7 million (2008: £23.0 million) as shown in the Consolidated income statement, together with the net of exceptional bank arrangement fees of £11.0 million and other gains of £2.0million (2008: Enil).

**Key points for 2008/2009**

- Series of bad business decisions and the worsening economic environment brought the Company dangerously close to insolvency.
- In addition, extensive store closures and unsuccessful moves to reposition the brand resulted in severe operational and financial difficulties.
- Extreme pressure from the Group's lenders as a result of covenant breaches following the Company's interim announcement culminating in an expensive Standstill Agreement from December 2008 and the need to refinance.
- Substantial exceptional items from asset impairments and store closure provisions.
- 13.4% decrease in retail sales (6.9% on a like for like basis).

- Maintained gross margin in retail business with product mix benefits offset by extended pre-Christmas sale.

#### **Post balance sheet events**

- Appointment of three new highly experienced executive directors.
- Original Shoe Company and Qube put into administration in February 2009 to stem substantial losses.
- Disposal of fitness clubs business for £83.4 million to Dave Whelan Sports in March 2009.
- Overwhelming creditor and shareholder support for innovative CVA proposal in April 2009.
- New banking facilities agreed and expected to become available subject to the successful implementation of the CVA proposal at the end of May 2009.

Commenting today, Sir David Jones, Executive Chairman, said:

"Our 2008/09 results reflect the disappointing performance of JJB Sports as the business struggled to re-position itself in a declining retail environment, resulting in severe operational and ultimately financial difficulties.

"Since I became Executive Chairman in January 2009, we have made significant inroads to restoring the Group's financial stability - against all the odds - and we have initiated a strategic path to growth.

"With our restructuring progressing very well, we now have the opportunity to revitalise JJB Sports as a focused multi-channel retail business, specialising in sporting goods and sportswear. I am confident that the executive management team we now have in place has the skills and conviction to deliver on that exciting potential, despite the challenging market conditions we expect in the months ahead. There is still much to be done but we are determined to succeed and to serve the best interests of our customers, employees and shareholders."

An analyst meeting will be held today at Panmure Gordon's offices, Moorgate Hall, 155, Moorgate, London EC2M 6XB at 8.30 am.

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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)

## **JJB Sports plc**

### **Unaudited preliminary results for the 52 weeks to 25 January 2009**

#### **Chairman's Statement**

The year to 25 January 2009 has been an exceedingly difficult one for JJB Sports plc. A series of bad business decisions taken by former members of the executive management team and the worsening economic environment brought the Company dangerously close to insolvency.

#### **The wrong strategy**

The Company is one of three national chains involved in sportswear retailing in the UK:

- JD Sports with its emphasis on more fashionable brands.
- Sports Direct with its discounting strategy.
- JJB Sports, now aiming to be the destination store for all those "Serious about Sport".

The Chief Executive of the Company during the period under review, Chris Ronnie, led a strategy to try to take market share from JD Sports and Sports Direct.

We bought Original Shoe Company (OSC) and Qubefootwear (Qube) to form the "Lifestyle" Division of the Company to challenge JD Sports. These two companies made combined losses of £18 million in the period to January 2009 and resulted in a £30 million cash outflow.

In addition, Chris Ronnie tried to emulate the trading philosophy of Sports Direct by introducing mass-market brands and products at prices well below the original selling prices.

These two diversions from the product policy of the founder of the business, Dave Whelan, affected staff morale and caused confusion particularly within the Company's buying departments, the retail stores, and most importantly JJB Sports' customers, with the inevitable result of falling sales.

I accepted the invitation to become Executive Chairman on 2 January 2009. Chris Ronnie was suspended from his position of CEO on 20 January 2009 pending an inquiry by the Company's legal advisers, Herbert Smith, into disclosure issues relating to his shareholdings and other matters. He was dismissed on 25 March 2009.

#### **Restructuring and refinancing**

In early January 2009, I was able to strengthen the Board of Directors by appointing Peter Williams, formerly the CEO of Selfridges, to assist with the restructuring of the Company. Richard Manning, an experienced corporate lawyer, joined the Company at the same time.

The first task was to stop the losses of the "Lifestyle" Division and OSC and Qube were placed into administration on 19 February 2009.

In addition, the Board, which commenced discussions with its lenders in July 2008, was under severe pressure to reduce its level of indebtedness. Acting under a series of standstill arrangements with its banks, the Company had no alternative but to conduct an auction for the sale of the "Leisure" Division, the fitness clubs business consisting of 53 gyms with adjoining stores. This process was launched towards the end of 2008 and we completed the sale to Dave Whelan Sports Limited for £83.4 million on 25 March 2009.

On the same date, the Company announced the key terms of a CVA proposal to address the Group's substantial liability on non-trading stores and details of new banking facilities to be made available following the implementation of the CVA proposal.

The CVA proposal invited landlords of 140 non-trading stores to compromise their claims for rent against the Company and its wholly owned subsidiary, Blane Leisure. Under the terms of the CVA proposal, the Company and Blane Leisure are providing a fund of £10 million against which landlords of non-trading stores can claim. The CVA proposal was overwhelmingly approved at meetings of creditors and shareholders held on 27 and 29 April 2009. Subject to there being no successful challenge to the CVA proposal, its success will be another

important step towards the restructuring of the Company and the first time a CVA in this form has been achieved by a listed PLC.

The financial restructuring has been a nerve-racking experience which is progressing well because of the hard work and dedication of Peter Williams and Richard Manning, and also our advisors – Lazard, KPMG, Herbert Smith, Maitland and Panmure Gordon.

### **Financial reporting and internal controls**

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 whether or not it is appropriate for the Company to prepare the unaudited preliminary results and the audited accounts for 2008/2009 on a going concern basis, as discussed in greater detail in the Operating Review and note 1 of our unaudited preliminary results. The Company hopes to publish full audited accounts for 2008/2009 by the middle of June, following implementation of the CVA proposal. However, in the interests of keeping the market updated, the Directors have decided to publish these unaudited preliminary results on the basis of the assumptions set out in note 1 to our unaudited preliminary results. As part of the audit of the accounts for 2008/2009, we have identified a number of areas where the Group can improve its internal systems and control. Steps are already in progress to address these issues as further described in the Business Review.

### **Management team and strategic focus**

I am delighted that Richard Manning joined the Board on 25 March 2009. As well as his role as Company Secretary and General Counsel, he will also have responsibility for HR, property and property-related issues, IT and warehousing and distribution.

We now have to concentrate on getting the product offer right and reducing further the cost base of a business consisting of 253 retail stores. To help me achieve these objectives, as announced a few days ago I have been able to persuade Colin Tranter, a very experienced retailer who worked with me at GUS and Grattan, to join the Board.

Any improvement in sales and profits will not be a “quick fix”. As a result of our financial difficulties over the last nine months the Company has had to exist with stock levels of 50% 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. The lead times between the ordering of product and its delivery can be up to six months and therefore we will not begin to see any significant improvement in sales until the 4th quarter of 2009.

I have experienced difficult times in retailing before, but this is the biggest challenge that I have ever had. We have to revitalise the business in the worst recession in recent times. I am very encouraged by the support we are receiving from our major suppliers, including in particular Adidas and Nike. Since the successful creditor and shareholder votes in favour of the CVA proposal at the end of April, I have been able to visit a number of our stores to explain the recovery plan to the store staff – they, like me, are determined to make the Company successful again.

It is important that I explain my own situation – I will work full time with my team to establish the foundations upon which we can go forward. I am able to make this commitment because I believe most strongly that JJB Sports can re-establish itself as a successful sportswear and sporting goods retailer which will become the destination store for everyone interested in sport. When I am satisfied that we are firmly on the road to recovery and after we have appointed a new Chief Executive, I intend to become the part time Chairman.

Peter Williams, who joined us on an interim basis to assist principally with the restructuring process is to leave the Company on 31 May 2009 – I would like to thank Peter for a job very well done.

David Madeley, who joined the Company in November 2007 and became Finance Director in April 2008, resigned from the Board on 3 April 2009. I am very pleased that Lawrence Coppock accepted an invitation to join the Board as Finance Director on 18 May 2009.

David Greenwood and Barry Dunn also resigned from the Board during 2008.

It is essential that we have on our Board a strong team of independent Non-executive Directors and we have therefore started the process to find four new Non-executive Directors. Roger Lane-Smith, the former Chairman of the Company and currently Deputy Chairman, and David Beever, who have both been directors for over nine years, will retire from the Board at this year's Annual General Meeting. I would like to thank them both for their support during the short time that I have been Chairman.

On behalf of the Board I would like to thank our shareholders for their understanding through these challenging times and for their continued support as we move into a new phase for JJB Sports.

And finally, I would like to thank the thousands of loyal employees who, over the last 18 months, must have feared for their jobs. They deserve to have a good profitable company to work for – I and my colleagues on the Board will endeavour to give them that.

**Sir David Jones**  
**Executive Chairman**  
**21 May 2009**

## Business Review

### Overview

The 52 week period to 25 January 2009 has been extremely difficult for the Company as a result of both internal and external factors. This Business Review seeks to provide information to shareholders to assist them in understanding what has occurred and what the consequences have been.

### Review of operating results

The operating results for the 52 weeks to 25 January 2009 and the comparative figures for the 52 weeks to 27 January 2008 are summarised below:

	52 weeks to 25 January 2009			52 weeks to 27 January 2008		
	Retail operations £'000	Fitness clubs £'000	Total £'000	Retail operations £'000	Fitness Clubs £'000	Total £'000
Revenue	645,577	72,704	718,281	745,474	66,280	811,754
Gross profit	<b>294,302</b>	<b>70,283</b>	<b>364,585</b>	342,403	63,709	406,112
Location net operating expenses before exceptional operating items	(281,272)	(54,351)	(335,623)	(292,968)	(46,597)	(339,565)
Operating profit before central costs and exceptional operating items	<b>13,030</b>	<b>15,932</b>	<b>28,962</b>	49,435	17,112	66,547
Central administration costs			(35,927)			(32,278)
Operating (loss) profit before exceptional operating items			<b>(6,965)</b>			34,269
Exceptional operating items			(171,698)			(22,974)
Operating (loss) profit			<b>(178,663)</b>			11,295

In the prior year, we adopted IFRS 8 *Operating Segments* early. Accordingly, our segmental information is based upon the two business segments about which, during the year under review, we appraised separate financial information when deciding how to allocate resources and to assess performance. These two segments comprise (a) all our retail operations and (b) our fitness clubs. The fitness club segment along with associated retail stores (with the exception of two fitness clubs and associated stores in Eire) were all sold after the end of the accounting period.

### Retail operations

Revenue from retail operations for the 52 weeks to 25 January 2009 fell by £99.9 million (13.4%) compared to the previous accounting period and included a like-for-like decrease, of 6.9 % (on operating units that have been trading for over 52 weeks). This decline reflected the unsuccessful attempt by the previous management team to re-position the Group in the market place, as well as some impact from lower stock levels as the Group's financial difficulties began to be known to suppliers.

124 of JJB standalone stores were closed (70 of which were closed in April 2008) or transferred to third parties during the year. This lost revenue was partially offset by the acquisition of the two "Lifestyle" Division companies (Original Shoe Company in January 2008 followed by Qube in May 2008). The cumulative revenue generated by the "Lifestyle" Division was £43.1 million.

In addition to the economic downturn, football replica shirt sales were also affected by the failure of the England national team to qualify for the Euro 2008 tournament.

The gross margin achieved on the retail operations for the 52 weeks to 25 January 2009 has been maintained, being 45.6 % compared to 45.9 % in the corresponding period the previous year. This was due to the earlier commencement of the Christmas sale in late November, which was immediately followed by an extensive stock clearance programme that carried on until after the year end, together with the lower gross margin of the Lifestyle Division of 40.9 %.

Retail net operating expenses before exceptional operating items decreased by 4.0 per cent to £281.3 million, due mainly to the reduction in store numbers leading to decreased running costs, as well as the successful disposal of a limited number of leases.

Operating profit from the retail operations, before central costs and exceptional operating items, was £13.0 million, compared to £49.4 million last year.

### **Fitness clubs**

Revenue from the fitness clubs increased by 9.7 per cent to £72.7 million. This included a like-for-like increase of 7.2 per cent. The Company operated from 55 clubs at 25 January 2009, up from 49 clubs at 27 January 2008. The gross margin continued at a very high level of 96.7% (2008: 96.1%). Operating expenses before exceptional operating items increased by 16.6 % to £54.4 million resulting in an operating profit before central administrative costs and exceptional operating items of £15.9 million, a 6.9 % decrease compared to the previous year.

### **Exceptional operating items**

Due to the materiality of the exceptional operating items totalling £171.7 million these are listed individually as follows:

- *Restructuring / vacant store provisions of £29.5 million, of which £19.1 million represents an increase to the prior year restructuring provision, which, in light of changes in the retail property market in the period, was considered to be inadequate* - This provision is derived from the independent review of each lease prior to the commencement of the Company Voluntary Arrangement referred to later in this review, and upon successful implementation, the provision not utilised will result in an exceptional credit to the income statement.
- *Goodwill impairment of £82.3 million* – The principal element is £79.5 million relating to Blane Leisure and has arisen following an impairment review of the present value of the retail operating units for which goodwill has been allocated. This was found to be less than the carrying value in the balance sheet.
- *Impairment of the fitness club assets of £49.3 million* – Following a value in use calculation, in light of the sale of the fitness clubs for £83.4 million, the carrying value of the assets was higher than the disposal proceeds of the sale resulting in an impairment of the tangible fixed assets within that segment.
- *Impairment of businesses in administration of £8.7 million* - This is a result of the write down of stock and fixed assets preceding the decision to place both Original Shoe Company and Qube into administration on 19 February 2009.
- *Impairment of investment in associate of £4.9 million* - This mainly relates to the poor performance of the KooGa operations and the decision to cease the current arrangements.
- *Other exceptional items* – There are a number of other exceptional items that are disclosed on the face of the income statement. These refer mainly to the profit / loss on disposals of assets, and additional re-organisational costs, mainly advisory fees. Full details are shown on the face of the income statement .

### **Net (loss) profit before taxation**

The net (loss) profit before taxation and exceptional operating items decreased to £17.5 million loss from £33.8 million profit and the net (loss) profit before taxation after deducting those exceptional operating items decreased to £(189.2) million loss from £10.8 million profit. Adjusted net (loss) profit before taxation, exceptional operating items and exceptional other items decreased to £(8.6) million loss from £33.8 million profit.

### **Taxation**

The effective rate of taxation on the Group's (loss) profit before taxation is 11.4 per cent compared to 10.8 per cent in the previous accounting period. This percentage is higher than expected in the current period mainly as a result of disallowed expenses principally relating to goodwill impairment.

**(Loss) earnings per share**

Basic (loss) earnings per ordinary share for the 52 weeks to 25 January 2009 was (69.19) pence compared to 4.07 pence in the previous year. This reduction is due to lower pre-exceptional operating profits and the deduction of the exceptional operating items totalling £171.7 million (2008: £23.0 million). The adjusted basic (loss) earnings per ordinary share (before deduction of exceptional operating items) for the 52 weeks to 25 January 2009 was (3.53) pence compared to 10.89 pence in the previous accounting period.

**Key Performance indicators**

During the period under review the Board monitored its performance by reference to a number of key performance indicators ("KPIs") of which the most important were:

	<b>52 weeks to 25 January 2009 £'000</b>	52 weeks to 27 January 2008 £'000
<b>Financial KPIs</b>		
Change in like-for-like revenue	-5.6%	+0.2%
Gross margin	50.8%	50.0%
Net debt	<b>£34,362,000</b>	£42,156,000
<b>Non-financial KPIs</b>		
Retail selling space (sq ft)	<b>3,674,000 sq feet</b>	4,348,000 sq feet
Number of fitness clubs*	<b>55</b>	49
Number of fitness club members*	<b>229,321</b>	205,800

\*The fitness clubs business and the associated retail outlets, with the exception of 2 fitness clubs in Eire, were sold post year-end.

## Operating Review

### Corporate affairs

The period under review has seen many significant events, some of which have impacted severely on the Group's operations. These can be summarised as follows:

- The acquisition of two new subsidiaries, Original Shoe Company and Qube (these companies were subsequently placed into administration to stem the significant losses they were incurring).
- The closure of 70 stores as part of a planned focus on key, profitable stores.
- The transfer/sale of stores to third parties.
- Completion of the sale of the Group's 5 indoor Soccer Domes to Powerleague Fives on 26 February 2008 for a cash consideration of £17.4 million.
- The sale of the Company's shareholding in Umbro plc for a cash consideration of £28.5 million.
- Significant discounting of stock in common with many other retailers and associated reduction in stock holding.
- Extreme pressure from the Group's lenders as a result of covenant breaches following the Company's interim announcement, consequential increase in fees and margin payable and limited operating scope in exchange for continued support.
- 5% share placing to Sports Direct International plc.
- Board and management changes.

### Retail operations

This accounting period has been all about managing the business through a time of diminishing retail demand and with limited resources, whilst dealing with internal and external challenges across the Group. As noted above, the Company has been operating under intense scrutiny and pressure from its lenders and its suppliers, limiting the scope, particularly in the second half of the accounting period, for any advance in the Group's retail operations. Set out below are the significant events in the Group's retail operations.

The extremely poor retail conditions during the accounting period under review have been well documented, and JJB has suffered perhaps more than most of its high street and retail park competitors. This is a result not only of the financial strictures referred to above, but also because of poor executive management and, particularly following the departure of David Greenwood as Finance Director, a breakdown in internal controls in certain areas with the consequential impact on cash outflow. These issues and the steps taken or proposed to be taken to address them are described below.

The Group has striven to retain its focus on being "Serious about Sport", but this has not been easy during a period of strict cash management where access to new stock has been limited.

We acquired Original Shoe Company on 28 January 2008 for £5 million and stock of £8.8 million and Qube on 22 May 2008 for £1, stock of £6.0 million and the repayment of the overdraft of £7.1 million. The intended purpose of these acquisitions was to allow access to new customers and to compete more effectively with other retailers in the branded lifestyle part of the retail sports trade without diluting our JJB strategy of being "Serious about Sport". However, the acquisitions were not successful and the combined loss of the two companies in the 52 week period to 25 January 2009 was £18.1 million after impairments of stocks and fixed assets. The two companies were placed into administration on 19 February 2009.

The planned store closure programme involved the closure of 70 stores referred to in the Company's Annual Report and Accounts for the period ended 27 January 2008. The majority of the store closures were completed during the current year, along with the transfer or sale of certain stores to third parties, principally, Sports Direct International plc.

We have undertaken an extensive clearance programme of non-current stock throughout the accounting period. Whilst this has impacted our gross margins, it has left our stock in a much cleaner position than at earlier period ends, albeit at a much reduced level.

### Fitness clubs

As noted elsewhere in this report, after the end of the accounting period, the Company sold the fitness clubs business comprising 53 fitness clubs and adjoining stores to Dave Whelan Sports Limited for cash consideration of £83.4 million.

## **Internal systems and controls**

As noted above, the Company has identified a breakdown in internal systems and controls in certain areas with the consequential impact on cash outflow. The areas in which there is a need for internal control improvements have been recognised to include:

- Forecasting of profits and cash flows of the Group.
- Management reporting, including external due diligence on potential acquisitions.
- Strengthening internal controls over:
  - use of Company assets;
  - identification of related party transactions; and
  - approval of Directors' expenses.
- Full board scrutiny and approval over all material contractual arrangements, acquisitions and disposals.

The Board has already taken or is taking a number of steps to address these areas, including:

- The appointment of a new Finance Director.
- The establishment of a legal function and the appointment of a Legal Director.
- Strengthening of budgeting and forecasting processes, and management reporting.
- The establishment of an internal audit function.
- Rigorous reviews by the Board of material contractual arrangements.
- New expenses policies, including for Executive Directors.
- Enhanced compliance with the Combined Code, including particularly processes for reviewing the Board's own effectiveness.
- The proposed introduction of new Articles of Association, and updated Committee terms of reference and schedule of matters reserved to the Board.

## **Review of Balance Sheet**

### ***Capital expenditure***

Capital expenditure on property, plant and equipment for the 52 weeks to 25 January 2009 was £45.5 million compared to £27.3 million in the previous accounting period. This capital expenditure was spent on the combined fitness club/store sites, unopened operations as at the year end, maintenance on opened operations and the launch of new era fit outs in retail stores. A total of 7 combined fitness clubs/superstores including 1 MIFIT "dry" gym were opened during the 52 weeks to 25 January 2009 compared to 9 in the previous accounting period.

### ***Current asset investment***

In October 2007, the Company acquired a strategic interest in Umbro plc for £26.5 million, equivalent to 10.12 per cent of its issued share capital, at a price (including costs) of 179.6 pence per share. These were acquired by Nike Vapour Ltd for 193.06 pence per share in March 2008 giving a gain in the current accounting period of £2.0 million.

### ***Inventories***

The value of inventories at 25 January 2009 was £70.6 million, 38.6 per cent lower than at 27 January 2008, mainly as a result of the store closure programme, together with the extensive stock clearance programme which began later in the year.

### ***Net debt***

The Group's net debt, excluding loan notes, at 25 January 2009 was £34.4 million compared to £42.2 million at 27 January 2008. The principal reason for the decrease was the receipt of proceeds from the disposal of the 5 indoor Soccer Domes and the Group's shareholding in Umbro plc offset by the acquisition costs and associated outflows of Original Shoe Company and Qube.

### **Dividend**

The Board cannot recommend payment of a dividend in respect of the 52 weeks ended 25 January 2009 (2008: 10 pence).

## **Share capital**

Details of the share capital and recent movements, including the issue of shares to Sports Direct International plc referred to above, are described in note 9.

The mid-market share price of the ordinary shares at the close of business on 23 January 2009 was 6.09 pence, representing an equity market capitalisation of approximately £15.3 million. This share price represents a decrease of 94.6 per cent from the price of 112.5 pence per share at 27 January 2008.

## **Post Balance Sheet Events**

### ***Administration of the Lifestyle Division***

On 19 February 2009, Original Shoe Company and Qube, the two companies comprising the "Lifestyle" Division, were placed into administration. The board of directors of Original Shoe Company and Qube respectively appointed Messrs. Fleming, Costley-Wood and Nimmo of KPMG LLP as joint administrators.

### ***Disposal of the Fitness Clubs Business***

On 25 March 2009, the Company completed the disposal of the fitness clubs business comprising 53 fitness clubs, adjoining stores and related stock to Dave Whelan Sports Limited, a company controlled by Mr David Whelan, for an approximate total cash consideration of £83.4 million.

### ***Director update***

There have been a number of changes to the board over the last 12 months as follows, of which all but the first four occurred after the balance sheet date:

- On 1 May 2008, David Greenwood resigned as Finance Director.
- On 15 October 2008, Barry Dunn resigned as Property Director.
- On 2 January 2009, Sir David Jones was appointed Executive Chairman.
- On 5 January 2009, Peter Williams was appointed as an interim Executive Director with particular responsibility for strategic development. He later assumed responsibility for financial affairs. As announced by the Company on 18 May 2009, he is to leave the Board on 31 May 2009.
- On 25 March 2009, Chris Ronnie's employment and directorship were terminated.
- On 3 April 2009, David Madeley resigned as Finance Director.
- On 25 March 2009, Richard Manning was appointed as Legal and Operations Director on the Board. He was appointed Company Secretary on the same date.
- On 18 May 2009, Lawrence Coppock was appointed as Finance Director and Colin Tranter was appointed as Director of Product and Retail.

### ***Company Voluntary Arrangements***

A company voluntary arrangement or CVA is a formal procedure under the Insolvency Act 1986 which enables a company to agree with its unsecured creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs which can determine how its debts should be paid and in what proportions.

On 27 April 2009 the CVA proposal made by the Company and Blane Leisure received the approval of the requisite majority of the creditors of each company and on 29 April 2009 was approved by the majority of the members of each company. The CVA proposal is expected to become effective on or around 28 May 2009, provided there has not been a prior challenge.

In summary the CVA proposal will:

- compromise claims of landlords of approximately 140 closed retail stores and certain related contingent claims (such as claims of former tenants and guarantors), but not including rates on those closed stores;
- enable landlords of those closed retail stores to make a claim against a total aggregate fund of £10 million, with payments from that fund in two instalments (the first instalment of £5,000,001 on 30 September 2009 and the balance of £4,999,999 on 31 December 2009); and
- vary temporarily the terms of leases of the open retail stores, approximately 250 stores in total, such that rent will be paid on a monthly rather than quarterly basis for a period of twelve months from the next quarter date.

The CVA proposal does not affect the Company's obligations to fitness club premises landlords insofar as those obligations relate to fitness club premises sold to Dave Whelan Sports Limited on 25 March 2009.

The Company and Blane Leisure will remain liable for rates on the closed retail stores until those stores are surrendered / forfeited or assigned, which shall be at the landlord's discretion. The landlords of open retail stores will not be able to claim against the £10 million fund and will not otherwise be paid a fee in relation to the CVA proposal. Save as set out above in general terms, the CVA proposal does not seek to compromise claims of any other creditors.

### ***Provision of New Facilities***

The Group has entered into a series of standstill agreements with its lenders after the year end covering the period up until 3 April 2009 and incurring related lender fees of £8,325,000.

On 3 April 2009, Barclays Bank plc and the Group executed documentation for a short term banking facility of £25 million (the "Barclays Facility") with a maturity date of 31 August 2009 and BoS and the Group executed separate documentation for a medium term £25 million revolving facility (the "BoS Facility") with a maturity date of 30 September 2010 to support the Company's ongoing funding requirements. Interest is payable on drawn facilities at 450 basis points above LIBOR in respect of both the Barclays Facility and the BoS Facility.

These facilities are expected to become unconditionally available for drawdown on or around 1 June 2009 following expiry of the CVA challenge period referred to above. The operational covenants for these facilities are similar to those under the Group's previous financing arrangements with Barclays and BoS respectively and, in the case of the BoS Facility, contain financial covenants customary in financing arrangements of this nature. Further details are disclosed in note 1 to this unaudited preliminary announcement.

The Company has paid an initial arrangement fee of £125,000 to Barclays in connection with the Barclays Facility. A further fee of £125,000 is payable prior to first utilisation.

In exchange for the continuing support of BoS pursuant to the BoS Facility, the Company has agreed to issue warrants to subscribe for 11,287,434 new ordinary shares of 5 pence each representing 4.5 per cent of the Company's current issued share capital (the "Warrants") to BoS (or an affiliate of BoS) (the "Warrantholder") upon the BoS Facility becoming unconditional and available to the Company.

The Warrants will not be listed or traded on any recognised investment exchange or stock exchange. The Warrantholder will be entitled to exercise the Warrants and subscribe for new ordinary shares at any time between the start date of the exercise period (the 31st day after the earlier of the date of publication of the Company's 2009 Annual Report and accounts and the date of first drawdown under the BoS Facility) and 30 September 2010 (or later if the BoS Facility is extended or refinanced within the lending group). The subscription price per share will be equal to the average market price for the 60 day period beginning 30 days before the earlier of the date of publication of the Company's 2009 annual report and accounts and the date of first drawdown under the BoS Facility and ending 30 days after that date. The Warrantholder may request the Company to purchase and cancel the Warrants at any time after the first anniversary of the start date of the exercise period.

### **Going Concern**

The Company is currently in the process of a restructuring and refinancing, 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.

The Company remains dependent on the continuing support of its lenders to continue trading. In order to allow the Company to proceed with the CVA proposal, the Company agreed standstill arrangements with its lenders until 17 June 2009. The lenders have the right to accelerate the standstill arrangements expiry date from 17 June 2009 in the event that they are not satisfied with the progress of the CVA proposal or the CVA proposal is not implemented before that time. The lenders will also have the right to accelerate the expiry date of the standstill arrangements if, inter alia: (i) they are not satisfied with the trading performance of the Company; or (ii) if they are not satisfied with the progress of the assignment of leases in respect of the fitness clubs business, which is largely outside of the control of the Company, but which is currently ahead of schedule.

The Company has also agreed and entered into new banking facilities with Barclays and BoS (the "New Facilities"). The New Facilities will, subject to certain customary conditions precedent, become available to the Company if the CVA proposal is not subject to any challenge within 28 days of 30 April 2009, being the date upon which approval of the CVAs was reported to the relevant Courts. On the date the New Facilities become available, expected to be on or around 1 June 2009, the existing facilities with the Company's lenders will be repaid in full and the standstill arrangements will be terminated. If the CVA proposal is the subject of any challenge, the New Facilities will not become available to the Company and it is likely that the Company will no longer be able to trade as a going concern which is likely to result in the appointment of receivers, liquidators or administrators.

Under the terms of the New Facilities, initial committed facilities of £50 million will be made available to the Group. The £25 million short term loan from Barclays will be repaid progressively as the deferred consideration proceeds from the disposal of the fitness clubs business are received and must be repaid in full by the end of August 2009. The £25 million medium term working capital facility provided by BoS will be committed until the end of September 2010.

In considering the financing requirements of the Group, the Directors have assumed that: (i) largely all of the deferred consideration of approximately £33.9 million payable, after the deduction of certain costs, expenses and other agreed amounts, by Dave Whelan Sports Limited, the purchaser of the fitness clubs business, to the Company is released from escrow to the Company by no later than 31 August 2009; (ii) the Company's new business strategy is executed in accordance with its latest business plan for the Group; (iii) the Company executes its objective of reducing the financing required by the business as its funding position stabilises; and (iv) volatility in the foreign exchange markets does not substantially impact margins.

If the Group faces a future funding shortfall (or a covenant breach as a result of a future funding shortfall), the Directors propose to provide the necessary additional funding through a number of initiatives, including: (i) a reduction in discretionary capital expenditure on existing stores, including the rescheduling of proposed store refurbishments; (ii) further business restructuring, including streamlining business processes; (iii) negotiation of improved terms of trade; (iv) the sale and leaseback of all or part of the Company head office site; and (v) the sale of one or more of the Company's remaining non-core assets which include the two remaining fitness clubs in Ireland. Work on these initiatives has already commenced and initial indications are encouraging. In due course, the Company intends to explore other sources of finance. To the extent that these proposed initiatives are not successful and the Company is unable to secure further support from its lenders (or other sources of finance), the Company may no longer be able to trade as a going concern which would be likely to result in the appointment of receivers, liquidators or administrators.

As a result of the existence of material uncertainties and limitations that cast significant doubt on the Company's and the Group's ability to continue as a going concern, namely: (i) the CVAs remain subject to possible challenges and may not be implemented and, consequently, the New Facilities may not become available to the Company; (ii) the assignment of the leases in connection with the sale of the fitness clubs business may not proceed in line with the Directors' assumptions and, consequently, the deferred consideration of approximately £33.9 million payable by Dave Whelan Sports Limited may not be released from escrow to the Company for the repayment of the £25 million short term loan to Barclays by 31 August 2009; and (iii) future trading may not be in line with the assumptions in the Group's latest business plan and forecast cash receipts from the sale of non-core assets (namely from the disposal of the Group's remaining helicopter in June 2009 and from the disposal of the Group's rights to the Slazenger brand for golf products by the end of October 2009) may not be received, leading to future funding shortfalls and, consequently, potential breaches of the covenants in the £25 million medium term working capital facility with BoS, the Directors are not currently able to conclude on going concern.

These material uncertainties and limitations, to the extent that they continue to exist, are likely to result in a modification of the auditor's report on the forthcoming full annual financial statements, reflecting the limitations in scope we have identified, as noted above, which may cause the auditors to be unable to form an opinion as to whether the financial statements give a true and fair view. If all the limitations identified are removed, the Directors anticipate that material uncertainties may remain related to events or conditions which may cast significant doubt on the group's ability to continue as a going concern and, therefore, that the group may be unable to realize its assets and discharge its

liabilities in the normal course of business. In these latter circumstances, the Directors anticipate that the auditor's report on the annual financial statements would be modified, without being qualified, to include an emphasis of matters relating to our disclosure of such going concern uncertainties.

## Consolidated income statement for the 52 weeks to 25 January 2009

		<b>Unaudited</b>	Audited
		<b>52 weeks to</b>	52 weeks to
		<b>25 January</b>	27 January
		<b>2009</b>	2008
		<b>£'000</b>	£'000
<b>Continuing operations</b>			
<b>Revenue</b>		<b>718,281</b>	811,754
Cost of sales		<b>(353,696)</b>	(405,642)
<b>Gross profit</b>		<b>364,585</b>	406,112
Other operating income		<b>5,676</b>	3,314
Distribution expenses		<b>(29,542)</b>	(28,619)
Administration expenses		<b>(37,716)</b>	(35,413)
Selling expenses		<b>(481,666)</b>	(334,099)
<b>Operating (loss) profit</b>		<b>(178,663)</b>	11,295
<b>Operating (loss) profit is stated after (charging) crediting</b>			
Provision for restructuring of retail store chain	3	<b>(20,742)</b>	(24,970)
Other vacant store provision	3	<b>(8,770)</b>	-
		<b>(29,512)</b>	(24,970)
Goodwill impairment		<b>(82,275)</b>	-
Impairment of fitness club fixed assets		<b>(49,260)</b>	-
Impairment of businesses in administration		<b>(8,695)</b>	-
Re-organisation costs		<b>(3,175)</b>	-
Net loss on disposal of intangibles		<b>(339)</b>	-
Net gain on disposal of property, plant and equipment		<b>8,745</b>	1,996
Impairment of intangible assets		<b>(2,150)</b>	-
Impairment of loan and investment in associated undertaking		<b>(4,923)</b>	-
Loss on sale of assets held for resale		<b>(114)</b>	-
		<b>(171,698)</b>	(22,974)
Investment income		<b>10,239</b>	11,551
Other gains and losses		<b>1,989</b>	-
Finance costs		<b>(22,704)</b>	(12,442)
Finance costs are stated after charging			
Exceptional bank arrangement fees and charges		<b>(10,974)</b>	-
Share of results of associated undertaking		<b>(103)</b>	396
<b>(Loss) profit before taxation</b>		<b>(189,242)</b>	10,800
Taxation	4	<b>21,686</b>	(1,170)
<b>(Loss) profit after taxation for the period attributable to equity holders of the parent company</b>		<b>(167,556)</b>	9,630
<b>Basic (loss) earnings per ordinary share</b>	<b>Pence</b>	<b>6</b>	4.07
<b>Diluted (loss) earnings per ordinary share</b>	<b>Pence</b>	<b>6</b>	4.07

Consolidated statement of recognised income and expense for the 52 weeks to 25 January 2009

	<i>Unaudited</i> 52 weeks to 25 January 2009 £'000	<i>Audited</i> 52 weeks to 27 January 2008 £'000
(Losses) gains on revaluation of available-for-sale investment taken to equity	(1,555)	1,555
Taxation effect on item taken directly to equity	435	(435)
Exchange differences on translation of foreign operations	<u>1,549</u>	<u>(1,398)</u>
<b>Net income (expense) recognised directly in equity</b>	<b>429</b>	<b>(278)</b>
<b>(Loss) profit after taxation for the period</b>	<b><u>(167,556)</u></b>	<b><u>9,630</u></b>
<b>Recognised (expense) income for the period</b>	<b><u>(167,127)</u></b>	<b><u>9,352</u></b>

Reconciliation of movements in equity for the 52 weeks to 25 January 2009

	<i>Unaudited</i> 52 weeks to 25 January 2009 £'000	<i>Audited</i> 52 weeks to 27 January 2008 £'000
Opening total equity	365,055	377,026
Recognised income and expense for the period	(167,127)	9,352
Share issues	3,405	1,899
Share based payment reserve	(45)	383
Dividends paid	<u>(16,657)</u>	<u>(23,605)</u>
<b>Closing total equity</b>	<b><u>184,631</u></b>	<b><u>365,055</u></b>

## Consolidated balance sheet as at 25 January 2009

		<b>Unaudited As at 25 January 2009 £'000</b>	<b>Audited As at 27 January 2008 £'000</b>
<b>Non-current assets</b>			
Goodwill	7	106,406	187,834
Other intangible assets		24,600	25,417
Property, plant and equipment		162,044	198,272
Investment in associated undertaking		750	1,677
Loan to associated undertaking		-	4,000
		<u>293,800</u>	<u>417,200</u>
<b>Current assets</b>			
Inventories		70,569	114,984
Trade and other receivables		38,381	45,412
Current asset investments		171,954	196,217
Cash and cash equivalents		40,638	14,199
Current tax receivable		-	1,536
		<u>321,542</u>	<u>372,348</u>
<b>Total assets</b>		<u>615,342</u>	<u>789,548</u>
<b>Current liabilities</b>			
Trade and other payables		(101,334)	(110,874)
Current tax liability		(1,494)	-
Bank loans	8	(75,000)	-
Loan notes	8	(168,117)	(168,117)
Provisions	3	(32,404)	(22,656)
		<u>(378,349)</u>	<u>(301,647)</u>
<b>Net current (liabilities) assets</b>		<u>(56,807)</u>	<u>70,701</u>
<b>Non-current liabilities</b>			
Bank loans	8	-	(56,355)
Deferred tax liabilities		(2,682)	(24,237)
Deferred lease incentives		(43,894)	(39,950)
Provisions	3	(5,786)	(2,304)
		<u>(52,362)</u>	<u>(122,846)</u>
<b>Total liabilities</b>		<u>(430,711)</u>	<u>(424,493)</u>
<b>Net assets</b>		<u>184,631</u>	<u>365,055</u>
<b>Equity</b>			
Share capital	9	12,542	11,944
Share premium account		174,055	171,248
Capital redemption reserve		1,069	1,069
Investment in own shares		(3,083)	(3,083)
Share based payment reserve		635	680
Foreign currency translation reserve		338	(1,211)
Retained earnings		(925)	184,408
<b>Equity attributable to equity holders of the parent</b>		<u>184,631</u>	<u>365,055</u>

## Consolidated cash flow statement for the 52 weeks to 25 January 2009

		<b>Unaudited</b> <b>52 weeks to</b> <b>25 January</b> <b>2009</b> <b>£'000</b>	Audited 52 weeks to 27 January 2008 £'000
<b>Net cash inflow from operating activities</b>	10	<b>37,859</b>	46,349
<b>Cash flows from investing activities</b>			
Interest received		10,239	11,263
Dividend received from available-for-sale investment		-	288
Purchase of subsidiary		(22,211)	(31)
Net proceeds on disposal of property, plant and equipment		23,799	5,146
Net proceeds on disposal of intangible assets		-	153
Purchase of goodwill		-	(339)
Purchase of intangible assets		(3,346)	(182)
Purchase of property, plant and equipment		(45,544)	(27,277)
Investment in associated undertaking		-	(1,281)
Sale/(purchase) of available-for-sale investments		28,534	(26,545)
Sale of assets held for resale		3,551	-
<b>Net cash used in investing activities</b>		<b>(4,978)</b>	(38,805)
<b>Financing activities</b>			
Interest paid		(11,585)	(12,399)
Dividends paid		(16,657)	(23,605)
Proceeds from issues of share capital		3,405	1,899
Net proceeds from bank loans		24,620	23,500
Repayment of bank loan		(6,120)	-
Loan to associated undertaking		-	(4,000)
<b>Net cash used in financing activities</b>		<b>(6,337)</b>	(14,605)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>26,544</b>	(7,061)
Cash and cash equivalents at beginning of period		14,199	23,566
Effect of foreign exchange rate changes		(105)	(2,306)
<b>Cash and cash equivalents at end of period</b>		<b>40,638</b>	14,199

## Notes to the unaudited preliminary results for the 52 weeks to 25 January 2009

### 1. Basis of preparation

The Group's unaudited preliminary results for the 52 weeks to 25 January 2009 have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted for use in the EU and the accounting policies adopted in the preparation of these unaudited preliminary results are consistent with those set out in the Group's Annual financial statements for the 52 weeks to 27 January 2008, published by the Company on 23 May 2008. Copies of these Annual financial statements are available from the Company Secretary, JJB Sports plc, Martland Park, Challenge Way, Wigan, WN5 0LD and can be downloaded or viewed via JJB's corporate website, [www.jjbcorporate.co.uk](http://www.jjbcorporate.co.uk)

These unaudited consolidated preliminary results for the 52 weeks to 25 January 2009 have been drawn up in accordance with the recognition and measurement policies in IFRS and the provisions of IFRS 1 and are unaudited and do not include all the information required to comply with the requirements of IFRS regarding full annual financial statements.

The financial information set out in these unaudited preliminary results does not constitute the Company's statutory accounts for the 52 week periods ended 25 January 2009 or 27 January 2008. The financial information for the 52 week period ended 27 January 2008 is derived from the Annual financial statements for that period which have been delivered to the Registrar of Companies. The auditors reported on those statements; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s237 (2) or (3) Companies Act 1985. The accounts for the period ended 25 January 2009 have not been approved or signed. These accounts will be finalised on the basis of the financial information presented by the Directors in these unaudited preliminary results and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

#### *Going concern*

The Company is currently in the process of a restructuring and refinancing, 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.

The Company remains dependent on the continuing support of its lenders to continue trading. In order to allow the Company to proceed with the CVA proposal, the Company agreed standstill arrangements with its lenders until 17 June 2009. The lenders have the right to accelerate the standstill arrangements expiry date from 17 June 2009 in the event that they are not satisfied with the progress of the CVA proposal or the CVA proposal is not implemented before that time. The lenders will also have the right to accelerate the expiry date of the standstill arrangements if, inter alia: (i) they are not satisfied with the trading performance of the Company; or (ii) if they are not satisfied with the progress of the assignment of leases in respect of the fitness clubs business, which is largely outside of the control of the Company, but which is currently ahead of schedule.

The Company has also agreed and entered into new banking facilities with Barclays and BoS (the "New Facilities"). The New Facilities will, subject to certain customary conditions precedent, become available to the Company if the CVA proposal is not subject to any challenge within 28 days of 30 April 2009, being the date upon which approval of the CVAs was reported to the relevant Courts. On the date the New Facilities become available, expected to be on or around 1 June 2009, the existing facilities with the Company's lenders will be repaid in full and the standstill arrangements will be terminated. If the CVA proposal is the subject of any challenge, the New Facilities will not become available to the Company and it is likely that the Company will no longer be able to trade as a going concern which is likely to result in the appointment of receivers, liquidators or administrators.

Under the terms of the New Facilities, initial committed facilities of £50 million will be made available to the Group. The £25 million short term loan from Barclays will be repaid progressively as the deferred consideration proceeds from the disposal of the fitness clubs business are received and must be repaid in full by the end of August 2009. The £25 million medium term working capital facility provided by BoS will be committed until the end of September 2010.

In considering the financing requirements of the Group, the Directors have assumed that: (i) largely all of the deferred consideration of approximately £33.9 million payable, after the deduction of certain costs, expenses and other agreed amounts, by Dave Whelan Sports Limited, the purchaser of the fitness clubs business, to the Company is released from escrow to the Company by no later than 31 August 2009; (ii) the Company's new business strategy is executed in accordance with its latest business plan for the Group; (iii) the Company executes its objective of reducing the financing required by the business as its funding position stabilises; and (iv) volatility in the foreign exchange markets does not substantially impact margins.

If the Group faces a future funding shortfall (or a covenant breach as a result of a future funding shortfall), the Directors propose to provide the necessary additional funding through a number of initiatives, including: (i) a reduction in discretionary capital expenditure on existing stores, including the rescheduling of proposed store refurbishments; (ii) further business restructuring, including streamlining business processes; (iii) negotiation of improved terms of trade; (iv) the sale and leaseback of all or part of the Company head office site; and (v) the sale of one or more of the Company's remaining non-core assets which include the two remaining fitness clubs in Ireland. Work on these initiatives has already commenced and initial indications are encouraging. In due course, the Company intends to explore other sources of finance. To the extent that these proposed initiatives are not successful and the Company is unable to secure further support from its lenders (or other sources of finance), the Company may no longer be able to trade as a going concern which would be likely to result in the appointment of receivers, liquidators or administrators.

As a result of the existence of material uncertainties and limitations that cast significant doubt on the Company's and the Group's ability to continue as a going concern, namely: (i) the CVAs remain subject to possible challenges and may not be implemented and, consequently, the New Facilities may not become available to the Company; (ii) the assignment of the leases in connection with the sale of the fitness clubs business may not proceed in line with the Directors' assumptions and, consequently, the deferred consideration of approximately £33.9 million payable by Dave Whelan Sports Limited may not be released from escrow to the Company for the repayment of the £25 million short term loan to Barclays by 31 August 2009; and (iii) future trading may not be in line with the assumptions in the Group's latest business plan and forecast cash receipts from the sale of non-core assets (namely from the disposal of the Group's remaining helicopter in June 2009 and from the disposal of the Group's rights to the Slazenger brand for golf products by the end of October 2009) may not be received, leading to future funding shortfalls and, consequently, potential breaches of the covenants in the £25 million medium term working capital facility with BoS, the Directors are not currently able to conclude on going concern.

These material uncertainties and limitations, to the extent that they continue to exist, are likely to result in a modification of the auditor's report on the forthcoming full annual financial statements, reflecting the limitations in scope we have identified, as noted above, which may cause the auditors to be unable to form an opinion as to whether the financial statements give a true and fair view. If all the limitations identified are removed, the Directors anticipate that material uncertainties may remain related to events or conditions which may cast significant doubt on the group's ability to continue as a going concern and, therefore, that the group may be unable to realize its assets and discharge its liabilities in the normal course of business. In these latter circumstances, the Directors anticipate that the auditor's report on the annual financial statements would be modified, without being qualified, to include an emphasis of matters relating to our disclosure of such going concern uncertainties.

## **2. Segmental information**

The Group adopted IFRS8 Operating Segments in the prior year. The adoption of IFRS 8 resulted in a change to those business segments which have been disclosed in earlier Consolidated financial statements.

The new business segments have been based upon the separate financial information which is provided to management in order for them to appraise the allocation of resources and the assessment of performance. The new segments comprise (a) all the Group's retail operations including any retail stores which are attached to fitness clubs and (b) the fitness club operation, including the indoor soccer centres.

<b>Consolidated income statement</b>	<b>Segmental information for the 52 weeks to 25 January 2009</b>		
	<b>Retail operations £'000</b>	<b>Fitness clubs £'000</b>	<b>Consolidated £'000</b>
Revenue	<u>645,577</u>	<u>72,704</u>	<u>718,281</u>
Gross profit	<u>294,302</u>	<u>70,283</u>	<u>364,585</u>
Location net operating expenses before operating items	<u>(281,272)</u>	<u>(54,351)</u>	<u>(335,623)</u>
Operating profit before central costs and exceptional items	<u>13,030</u>	<u>15,932</u>	<u>28,962</u>
Central administration costs			<u>(35,927)</u>
Operating loss before exceptional operating items			<u>(6,965)</u>
Exceptional operating items			<u>(171,698)</u>
Operating loss			<u>(178,663)</u>
Investment income			10,239
Finance costs			(22,704)
Other gains and losses			1,989
Share of results of associated undertaking			<u>(103)</u>
Loss before taxation			<u>(189,242)</u>
Taxation			<u>21,686</u>
Loss after taxation			<u><u>(167,556)</u></u>

## 2. Segmental information (continued)

Consolidated income statement	Segmental information for the 52 weeks to 27 January 2008		
	Retail operations £'000	Fitness clubs £'000	Consolidated £'000
Revenue	745,474	66,280	811,754
Gross profit	342,403	63,709	406,112
Location net operating expenses before exceptional operating	(292,968)	(46,597)	(339,565)
Operating profit before central costs and exceptional operating	49,435	17,112	66,547
Central administration costs			(32,278)
Operating profit before exceptional operating items			34,269
Exceptional operating items			(22,974)
Operating profit			11,295
Investment income			11,551
Finance costs			(12,442)
Share of results of associated undertaking			396
Profit before taxation			10,800
Taxation			(1,170)
Profit after taxation			9,630

## 3. Provisions

Current liabilities	Vacant stores provision £'000	Retail store restructuring provision £'000	Dilapidations provision £'000	Total £'000
<b>Group</b>				
At 28 January 2007	3,259	-	1,176	4,435
Created in the period	832	18,658	730	20,220
Utilised in the period	(1,537)	-	(462)	(1,999)
At 27 January 2008	2,554	18,658	1,444	22,656
Created in the period	3,282	24,494	592	28,368
Utilised in the period	(1,481)	(12,557)	(646)	(14,684)
Released in the period	(184)	(3,752)	-	(3,936)
<b>At 25 January 2009</b>	<b>4,171</b>	<b>26,843</b>	<b>1,390</b>	<b>32,404</b>

### 3. Provision (continued)

<b>Non-current liabilities</b>		<b>Vacant stores provision</b>
		<b>£'000</b>
<b>Group</b>		
At 28 January 2007		897
Created in the period		1,740
Utilised in the period		(333)
		<hr/>
At 27 January 2008		2,304
Created in the period		5,672
Utilised in the period		(2,190)
		<hr/>
<b>At 25 January 2009</b>		<b>5,786</b>
		<hr/> <hr/>

The vacant stores provisions represent the estimated costs expected to be incurred in exiting the relevant lease agreements.

The retail store restructuring provision relates to the direct expenditure expected to be incurred in closing the stores which the Group, prior to the 27 January 2008 period end, was committed to cease trading from before the end of April 2008, following a review of the existing store portfolio. The provision comprises the costs expected to be incurred in exiting the relevant lease agreements and also ongoing rent and rates.

The dilapidations provision is the best estimate of the present value of expenditure expected to be incurred by the Group and Company in order to restore its leasehold premises to the condition required under the individual lease agreements at the end of their term.

Current liability provisions are expected to be settled during the 53 weeks to 31 January 2010; the non-current liability provisions are expected to be settled within a further 12 months of this date.

As noted in note 13, £22.7 million of the vacant store and restructuring provision will be released upon the successful implementation of the CVA.

#### 4. Taxation

The taxation credit shown in the Consolidated income statement for the 52 weeks to 25 January 2009 has been based on the current rate of taxation of 28.3 per cent (2008: 30 per cent) for current taxation, and 28 per cent for deferred taxation (2008: 28 per cent).

	Group	
	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
<b>Current taxation</b>		
UK corporation tax	1,343	459
Foreign tax	(273)	240
Adjustments in respect of prior periods	(1,566)	109
	<u>(496)</u>	<u>808</u>
<b>Deferred taxation</b>		
Current period	(21,190)	362
<b>Total taxation (credit) charge</b>	<u>(21,686)</u>	<u>1,170</u>

The deferred taxation credit in the current period has resulted from the depreciation rates on qualifying assets being lower than the rates of writing down allowances used for tax purposes.

The taxation credit for the period can be reconciled to the (loss) profit before taxation shown in the consolidated income statement as follows:

	Group			
	52 weeks to 25 January 2009		52 weeks to 7 January 2008	
	£'000	%	£'000	%
(Loss) profit before taxation:	<u>(189,242)</u>		<u>10,800</u>	
Tax at the current UK corporation tax rate	(53,555)	28.3	3,240	30.0
Tax effect of expenses that are not deductible in determining taxable (loss) profit	30,486	(16.1)	237	2.2
Tax effect of unavailable losses	2,197	(1.2)	-	-
Tax effect of prior year UK corporation tax adjustments	(1,566)	0.8	109	1.0
Tax effect of share of results of associates	29	(0.0)	(119)	(1.1)
Effect of different tax rates of subsidiaries operating in other jurisdictions	723	(0.4)	(216)	(2.0)
Tax effect of change of tax rates	-	-	(2,081)	(19.3)
<b>Total taxation (credit) charge and effective tax rate for the period</b>	<u>(21,686)</u>	<u>11.4</u>	<u>1,170</u>	<u>10.8</u>

At the balance sheet date, the Group has un-used tax losses of £19.5 million (2008: £nil) available for offset against future profits. A deferred tax asset of £11.9 million has been recognised in respect of £11.9 million (2008: £nil) of such losses netted off against the deferred tax liability. No deferred tax asset has been recognised on £7.6 million of these losses as the company to which these relate is in administration.

## 5. Dividends

	<b>52 weeks to 25 January 2009 £'000</b>	52 weeks to 27 January 2008 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks to 27 January 2008 of 7.0 pence net per ordinary share paid on 8 August 2008 (2007: 7.0 pence)	<b>16,657</b>	16,556
Interim dividend of 0.0 pence for the 52 weeks to 25 January 2009 (2008: 3.0 pence)	-	7,116
	<b>16,657</b>	23,672
Proposed final dividend of 0.0 pence for the 52 weeks to 25 January 2009 (2008: 7.0 pence)	-	16,722

No final dividend can be proposed for the 52 weeks to 25 January 2009.

## 6. (Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per ordinary share and of adjusted basic (loss) earnings per ordinary share are based on the following data:

	<b>52 weeks to 25 January 2009</b>		52 weeks to 27 January 2008	
	<b>£'000</b>	<b>(Loss) Earnings per share (pence)</b>	£'000	Earnings per share (pence)
(Loss) earnings for the purposes of basic (loss) earnings per ordinary share and diluted (loss) earnings per ordinary share being net (loss) profit attributable to equity holders of the parent	<b>(167,556)</b>	<b>(69.19)p</b>	9,630	4.07p
Exceptional items	<b>182,672</b>	<b>75.43p</b>	22,974	9.70p
Taxation on exceptional items (net)	<b>(23,664)</b>	<b>(9.77)p</b>	(6,806)	(2.88)p
(Loss) earnings for the purposes of adjusted basic (loss) earnings per ordinary share being net (loss) profit attributable to equity holders of the parent before exceptional operating items, net of taxation	<b>(8,548)</b>	<b>(3.53)p</b>	25,798	10.89p
			<b>Number of ordinary shares (thousands)</b>	
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per ordinary share and adjusted basic (loss) earnings per ordinary			<b>242,169</b>	236,802
Effect of dilutive potential ordinary shares:				
Share options			-	53
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per ordinary share			<b>242,169</b>	236,855
<b>Basic (loss) earnings per ordinary share</b>		<b>(69.19)p</b>		4.07p
<b>Diluted (loss) earnings per ordinary share</b>		<b>(69.19)p</b>		4.07p
<b>Adjusted basic (loss) earnings per ordinary share</b>		<b>(3.53)p</b>		10.89p

## 7. Goodwill Impairment

	<b>Group</b> <b>£'000</b>
<b>Cost</b>	
At 28 January 2007	257,145
Derecognised on release of deferred consideration	(786)
Additions	339
	<u>256,698</u>
As at 27 January 2008	256,698
Additions	1,187
Disposals	(594)
	<u>257,291</u>
<b>At 25 January 2009</b>	<b>257,291</b>
<b>Accumulated impairment losses</b>	
At 28 January 2007	68,686
Impairment loss for the period	178
	<u>68,864</u>
At 27 January 2008	68,864
Impairment loss for period	82,275
Disposal	(254)
	<u>150,885</u>
<b>At 25 January 2009</b>	<b>150,885</b>
<b>Carrying amount</b>	
<b>At 25 January 2009</b>	<b>106,406</b>
At 27 January 2008	<u>187,834</u>

Goodwill acquired in a business combination is allocated at acquisition to the individual companies that are expected to benefit from that business combination. The goodwill arose on the retail operations of the acquisitions and is not allocated on a store by store basis. After recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	<b>Group</b> <b>52 weeks to</b> <b>25 January</b> <b>2009</b> <b>£'000</b>	<b>52 weeks to</b> <b>27 January</b> <b>2008</b> <b>£'000</b>
JJB Sports plc	-	340
Blane Leisure Limited	101,854	181,353
Sports Division (Eireann) Limited	4,552	4,552
Golf TV Limited		1,589
	<u>106,406</u>	<u>187,834</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The following impairments have been made in the period:

	<b>Group</b> <b>52 weeks to</b> <b>25 January</b> <b>2009</b> <b>£'000</b>	<b>52 weeks to</b> <b>27 January</b> <b>2008</b> <b>£'000</b>
Blane Leisure Limited	79,499	-
Golf TV Limited	1,843	-
Original Shoe Company Limited	548	-
Qubefootwear Limited	385	-
	<u>82,275</u>	<u>-</u>

The recoverable amounts of the cash generating units on which goodwill has arisen are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The Group prepares cash flow forecasts derived from the pre-tax operating results of the cash generating units concerned for the 52 weeks to 31 January 2010 and the 52 weeks to January 2011, and extrapolates cash flows for the remaining lengths of the store leases. The growth rate which is used in the forecasts has been applied from 52 weeks to January 2012 onwards is 1 per cent.

The pre-tax rate used to discount the cash flow forecasts is 6.3 per cent (2008: 8.4 per cent). This discount rate reflects management's estimate of the time value of money and risks specific to the CGU's for which the future cashflow estimates have been adjusted.

The bases and methodology upon which we have determined the value in use is done on a store by store basis using 2008/09 actual costs and gross margins and estimated revenue 2009/10 and 2010/11. The growth rate of 1 per cent is applied from 2011/12 onwards.

The periods of the projected cash flows is longer than five years in the cases of those operating units whose premises are subject to leases whose remaining lengths extend beyond a period of five years.

### Impairment losses

The impairment loss of £82,275,000 at 25 January 2009 has been recognised in the 'Retail operations' segment and represents impairments to the carrying value of goodwill in relation to Original Shoe Company and Qube going into administration post year end and the impairment of Blane Leisure Limited and Golf TV Limited which have been impaired due to a deterioration of trading within the retail sector and also uncertainties in the operating environment.

## 8. Bank loans and loan notes

	<b>Group</b>	
	<b>25 January 2009</b>	27 January 2008
	<b>£'000</b>	£'000
Loan notes	<b>168,117</b>	168,117
Bank loans	<b>75,000</b>	56,355
	<b>243,117</b>	224,472
<b>Total borrowings</b>		
Amount due for settlement within 12 months	<b>243,117</b>	168,117
Amount due for settlement after 12 months	<b>-</b>	56,355

All bank overdrafts, bank loans and loan notes are based in sterling.

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 Loan notes were redeemable on any 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 2011.

Interest is payable on the Loan notes at a rate of 65.63 bps below 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".

The Group's working capital was provided through a 5 year £60 million revolving bank credit facility which commenced in June 2005, a 6 year term loan of £18 million which commenced in June 2006 to finance the acquisition of the Glasgow Rangers FC licensing agreement and a short term loan of £20 million initially drawn on 6 October 2008 until 14 December 2008.

On 10 December 2008 pursuant to breaches at the half year of loan agreement covenants in relation to consolidated net worth, fixed charge cover and cashflow cover the Group entered into a standstill agreement with its lenders (the "Standstill Agreement") whereby £20 million of facilities were cancelled (comprising £13.2 million from the revolving bank credit facility, £2.9 million from the 6 year term loan and £3.9 million from the short term loan drawn on 6 October 2008) and the lenders agreed to maintain the remaining facilities until 30 January 2009 subject to the Group meeting certain conditions prescribed by the Standstill Agreement.

The Standstill Agreement provided for the interest rate on the revolving bank facility to be increased from 45bps to 400bps above LIBOR and the 6 year term loan from 40bps to 400bps above LIBOR. The term loan entered into on 6 October 2008 carries an interest rate of 400bps above LIBOR.

### **Events after the balance sheet date**

As noted above, the Company entered into a standstill agreement with Barclays Bank plc (Barclays), Bank of Scotland plc (BoS) and Kaupthing Singer and Friedlander Limited (now in administration) (KSF) (the "Lenders") dated 10 December 2008 (the "Standstill Agreement") in respect of the period to 30 January 2009. The Standstill Agreement provided, amongst other matters, for the deferral of the final repayment date in respect of the KSF and BoS facilities and allowed the Company to continue to draw down under the Barclays revolving working capital facility, in each case, to 30 January 2009. In consideration, the Company agreed to a margin uplift for each of the Barclays and BoS facilities and to pay fees of approximately £8.3 million in aggregate to the Lenders, with payment of the fees due in February and April 2009 (or on such earlier date upon the occurrence of certain events, such as on the date of completion of the disposal of the fitness clubs business).

The Group entered into a series of further extensions to the Standstill Agreement with its lenders after the year end, incurring related lender fees of £8.3 million.

The following details are being disclosed, as agreed with the UK Listing Authority, in accordance with Listing Rules 11.1.10(2)(c) and 11.1.11(3)(b).

#### **First Extension of the Standstill Agreement and Waiver**

On 30 January 2009, the Company agreed with the Lenders an extension of the terms of the Standstill Agreement to 12 February 2009. The Lenders agreed to extend the date for payment of certain fees payable pursuant to the Standstill Agreement from 9 February 2009 to 12 February 2009. A number of administrative and technical amendments were also made to the terms of the Standstill Agreement. The Company agreed to pay KSF a fee of £32,240, which was offset against the fee payable to KSF under the Standstill Agreement. In addition, the Company agreed to pay legal fees incurred by KSF pursuant to the Standstill Agreement totalling £10,000.

As a result of a winding up order filed (and subsequently withdrawn) by Everton Football Club on 23 December 2008, the Company became technically in default under the terms of its short term facility agreement with KSF dated 6 October 2008 and the Barclays and BoS facilities. A total fee of £20,766 was payable by the Company to KSF and its advisers for the grant of a waiver in respect of this technical breach.

#### **Second Extension of the Standstill Agreement**

On 13 February 2009, the terms of the Standstill Agreement were extended to 16 March 2009. The Lenders agreed to extend the date for payment of fees for the Standstill Agreement to 16 March 2009. The terms of the Standstill Agreement were amended so that the Lenders had the right to accelerate the expiry date of the Standstill Agreement from 16 March 2009 if they were not satisfied with the progress of the disposal of the fitness clubs business, and a number of additional administrative amendments were also made. The Company agreed to pay KSF a fee of £32,240, which was offset against the fee payable to KSF under the Standstill Agreement. In addition, the Company agreed to pay legal fees incurred by KSF pursuant to the Standstill Agreement totalling £16,100.

#### **Third Extension of the Standstill Agreement**

On 17 March 2009, the terms of the Standstill Agreement were extended to 24 March 2009. The Lenders also agreed to defer the payment date of fees due pursuant to the Standstill Agreement to 24 March 2009. The Company and the Lenders agreed that the Lenders would have the right to accelerate the expiry date of the Standstill Agreement from 24 March 2009 if they were not satisfied with the progress of the disposal of the fitness clubs business. No additional fee was charged by the Lenders for this extension. The Company agreed to pay legal fees incurred by KSF pursuant to the Standstill Agreement totalling £40,000.

#### Fourth Extension of the Standstill Agreement

On 25 March 2009, the terms of the Standstill Agreement were extended to 17 June 2009. The balance of the fees payable to KSF for entry into the Standstill Agreement was due on (i) 25 March 2009 and; (ii) completion of the disposal of the fitness clubs business. The Lenders and the Company agreed that the Lenders would have the right to accelerate the expiry date of the Standstill Agreement from 17 June 2009 in the event that they were not satisfied with the disposal of the fitness clubs business or the progress of the CVA or if the CVA proposal was not approved or effected before that time. The Lenders would also have the right to accelerate the expiry date of the Standstill Agreement from 17 June 2009 if, inter alia: (i) they were not satisfied with the trading performance of the Company; (ii) if the deferred consideration for the disposal of the fitness clubs business was not paid into an escrow account on or before 16 April 2009; or (iii) if they were not satisfied with the progress of the assignment of the leases in favour of the purchaser of the fitness clubs business. A number of minor technical and administrative amendments were also made to the terms of the Standstill Agreement. No additional fee was charged by the Lenders for this extension. The Company agreed to pay legal fees incurred by KSF pursuant to the Standstill Agreement totalling £55,000.

On 3 April 2009, Barclays and the Group executed documentation for a short term banking facility of £25 million (the "Barclays Facility") with a maturity date of 31 August 2009 and BoS and the Group executed separate documentation for a medium term £25 million revolving facility (the "BoS Facility") with a maturity date of 30 September 2010 to support the Company's ongoing funding requirements. Interest is payable on drawn facilities at 450bps above LIBOR in respect of both the Barclays Facility and the BoS Facility. These new facilities are expected to become unconditionally available for drawdown on or around 1 June 2009 following the expected implementation of the CVA proposal on or around 28 May 2009.

Barclays and BoS will be granted security over the assets of the JJB Group. The operational covenants for these new facilities are similar to those under the Group's previous financing arrangements with Barclays and BoS respectively and contain financial covenants customary in financing arrangements of this nature.

The Company has paid an initial arrangement fee of £125,000 to Barclays in connection with the Barclays Facility. A further fee of £125,000 is payable prior to first utilisation.

In exchange for the continuing support of BoS pursuant to the BoS Facility, the Company intends to issue warrants to subscribe for 11,287,434 new ordinary shares of 5 pence each representing 4.5% of the Company's current issued share capital (the "Warrants") to BoS (or an affiliate of BoS) (the "Warranholder"), subject to shareholder approval. If shares are issued before the issue of the Warrants, the number of Warrants will be adjusted accordingly. In the event that shareholder approval for the issue of the Warrants is not obtained, the BoS Facility would not terminate but the Company would pay an arrangement fee to BoS of £500,000 on the final maturity date of the BoS Facility.

The Warrants will not be listed or traded on any recognised investment exchange or stock exchange. The Warranholder will be entitled to exercise the Warrants and subscribe for new ordinary shares at any time between the start date of the exercise period (the 31st day after the earlier of the date of publication of the Company's 2009 annual report and accounts and the date of first drawdown under the BoS Facility) and 30 September 2010 (or later if the BoS Facility is extended or refinanced within the lending group). The subscription price per share will be equal to the average market price for the 60 day period beginning 30 days before the earlier of the date of publication of the Company's 2009 annual report and accounts and the date of first drawdown under the BoS Facility and ending 30 days after that date. The Warranholder may request the Company to purchase and cancel the Warrants at any time after the first anniversary of the start date of the exercise period.

If the BoS Facility does not become unconditional and available to the Company, the Company will not issue the Warrants to the Warranholder.

## 9. Share capital

Authorised and issued share capital

	25 January 2009 £'000	Group	27 January 2008 £'000
<b>Authorised:</b>			
331,600,000 ordinary shares of 5p each	<u>16,580</u>		<u>16,580</u>
	<u>£'000</u>	Group	Number Thousands
<b>Allotted, called up and fully paid:</b>			
At 28 January 2007	11,892		237,837
Scrip issue in lieu of dividend	1		24
Issue on exercise of options	<u>51</u>		<u>1,027</u>
At 27 January 2008	11,944		238,888
Issued of shares	<u>598</u>		<u>11,944</u>
<b>At 25 January 2009</b>	<u><u>12,542</u></u>		<u><u>250,832</u></u>

The Company has one class of ordinary shares and these carry no right to fixed income.

## 10. Reconciliation of operating (loss) profit to net cash from operating activities

	52 weeks to 25 January 2009 £'000	Group 52 weeks to 27 January 2008 £'000
Operating (loss) profit from continuing operations	(178,663)	11,295
Impairment of goodwill	82,275	178
Amortisation of other intangible assets	2,002	1,994
Depreciation of property, plant and equipment	20,782	19,609
Impairment of property plant and equipment	53,866	6,134
Impairment of intangible assets	2,163	-
Impairment of investment in associated undertaking	4,923	-
Net loss on disposal of intangible assets	339	14
Net (gain) loss on disposal of property, plant and equipment	(8,745)	(1,996)
Net loss on disposal of assets held for resale	114	-
Release of deferred consideration relating to a subsidiary	-	818
Increase in provisions	13,230	11,683
Share based payment reserve	(45)	383
<b>Operating cash flow before movements in working capital</b>	<b>(7,759)</b>	<b>50,112</b>
Decrease in inventories	58,552	13,098
Decrease (increase) in trade and other receivables	4,357	(7,207)
Decrease in payables	(20,887)	(1,312)
<b>Cash generated by operations</b>	<b>34,263</b>	<b>54,691</b>
Taxation	3,596	(8,342)
<b>Net cash inflow from operating activities</b>	<b><u>37,859</u></b>	<b><u>46,349</u></b>

## 11. Analysis of net debt as at 25 January 2009

	At 27 January 2008 £'000	Group Cash flow £'000	Other non-cash items £'000	At 25 January 2009 £'000
<b>Current asset investment</b>				
Loan note deposit	168,117	-	-	168,117
<b>Cash and cash equivalents</b>	14,199	26,544	(105)	40,638
	182,316	26,544	(105)	208,755
<b>Current liability</b>				
Loan notes	(168,117)	-	-	(168,117)
Bank loans	(56,355)	(18,500)	(145)	(75,000)
	(42,156)	8,044	(250)	(34,362)

## 12. Related party transactions

### Transactions with related parties who are not members of the Group

The Group and Company have entered into the following transactions with related parties who are not members of the Group:

	Income from related parties		Expenditure with related parties	
	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
KooGa Rugby Limited	230	182	500	1,680
Source Lab Limited	-	-	2,162	486
Cotton Traders Limited	-	-	838	-
Retail Gateway Limited	-	-	106	-
CWM 2001 Limited	-	-	107	-
Kaupthing Singer & Friedlander Ltd (in administration)	-	-	3,146	-
	<u>230</u>	<u>182</u>	<u>3,146</u>	<u>-</u>

	Amounts owed by related parties		Amounts owed to related parties	
	25 January 2009 £'000	27 January 2008 £'000	25 January 2009 £'000	27 January 2008 £'000
KooGa Rugby Limited				
- Loan	750	4,000	-	-
- Trade receivables/payables	-	1,156	3	1,786
Source Lab Limited	-	-	75	208
Cotton Traders Limited	-	-	258	-
Kaupthing Singer & Friedlander (in administration)	-	-	16,120	-
	<u>750</u>	<u>5,156</u>	<u>16,120</u>	<u>-</u>

In addition, remuneration has been paid to Directors and key management personnel. This will be disclosed in the Directors' remuneration report of the Annual report which is expected to be published in June 2009.

KooGa Rugby Limited ("KooGa") is an associated undertaking from whom purchases were made by the Company at arms length prices. Income represents interest which is payable to the Company on a loan made to KooGa at a rate equivalent to that charged on the Company's revolving bank credit facility. The carrying amount of the loan to KooGa has been reduced from £4,000,000 to £nil representing its estimated recoverable amount. The carrying amount of investment has been reduced to £750,000 based on managements' best estimate of its recoverable amount.

The Group made purchases from Source Lab Limited, a company of which a Director is the brother of Chris Ronnie, the former Chief Executive of JJB.

Cotton Traders Limited is a Company from which the Group has made purchases, of which Sir David Jones, Chairman of JJB, is a director.

Retail Gateway Limited is a Company owned by Sir David Jones' son, through which marketing services have been provided to the Group.

CWM 2001 Ltd is a Company owned by Sir David Jones, through which Sir David Jones has provided management services for the Group.

The Company became aware in January 2009 that Kaupthing Singer & Friedlander Limited (in administration) ("KSF") would be classified as a related party for the purposes of Listing Rule 11, as a result of the holding by Kaupthing Singer & Friedlander (Isle of Man) Limited ("KSF IOM"), another Kaupthing group company, of over 10% of the Company's issued shares. This shareholding was not notified by KSF IOM to the Company until 9 January 2009. At that time, the Company had already entered into a standstill agreement with Barclays Bank plc, Bank of Scotland plc and KSF (the "Lenders") dated 10 December 2008 (the "Standstill Agreement") in respect of the period to 30 January 2009. The Standstill Agreement provided, amongst other matters, for the deferral of the final repayment date in respect of the KSF and BoS facilities and allowed the Company to continue to draw down under the Barclays revolving working capital facility, in each case, to 30 January 2009. In consideration, the Company agreed to a margin uplift for each of the Barclays and BoS facilities and to pay fees of approximately £8.3 million in aggregate to the Lenders, with payment of the fees due in February and April 2009 (or on such earlier date upon the occurrence of certain events, such as on the date of completion of the disposal of the fitness clubs business).

### **13. Events since balance sheet date**

#### ***Disposal of the Fitness Clubs Business***

On 25 March 2009, the company completed the disposal of the fitness clubs business comprising 53 fitness club business and adjoining stores and related stock was sold to Dave Whelan Sports Limited, a company controlled by Mr David Whelan, for an approximate total cash consideration of £83.4 million. Upon successful assignment of the Fitness club leases, £28.3 million of deferred lease incentives will be released. The effect of this is disclosed in the table below.

#### ***Company Voluntary Arrangements***

A company voluntary arrangement or CVA is a formal procedure under the Insolvency Act 1986 which enables a company to agree with its unsecured creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs which can determine how its debts should be paid and in what proportions.

On 27 April 2009 the CVA proposal made by the Company and Blane Leisure received the approval of the requisite majority of the creditors of each company and on 29 April 2009 was approved by the majority of the members of each company. The CVA proposal is expected to become effective on or around 28 May 2009, provided there has not been a prior challenge.

In summary the CVA proposal will:

- compromise claims of landlords of approximately 140 closed retail stores and certain related contingent claims (such as claims of former tenants and guarantors), but not including rates on those closed stores;
- enable landlords of those closed retail stores to make a claim against a total aggregate fund of £10 million, with payments from that fund in two instalments (the first instalment of £5,000,001 on 30 September 2009 and the balance of £4,999,999 on 31 December 2009); and
- vary temporarily the terms of leases of the open retail stores, approximately 250 stores in total, such that rent will be paid on a monthly rather than quarterly basis for a period of twelve months from the next quarter date.

The CVA proposal does not affect the Company's obligations to fitness club premises landlords insofar as those obligations relate to fitness club premises sold to Dave Whelan Sports Limited on 25 March 2009.

The Company and Blane Leisure will remain liable for rates on the closed retail stores until those stores are surrendered / forfeited or assigned, which shall be at the landlord's discretion. The landlords of open retail stores will not be able to claim against the £10 million fund and will not otherwise be paid a fee in relation to the CVA proposal. Save as set out above in general terms, the CVA proposal does not seek to compromise claims of any other creditors.

Upon implementation of the CVA, the year end provision not utilised of £22.7 million will be released to the income statement and a further £10 million liability will crystallise. The impact of this is set out in the table below.

Net assets at 25 January 2009 £000	Provision release upon implementation of CVA £000	CVA payment to Landlords £000	Release of deferred lease incentives upon lease assignment to DW Fitness £000	Tax effect £000	Revised Net assets £000
184,631	22,701	(10,000)	28,336	(7,934)	217,734

There have been a number of other events since the balance sheet date, details of which are set out in the Business Review.

#### 14. Forward looking statement

Certain statements made in this announcement are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future events or results referred to in these forward looking statements. Unless otherwise required by applicable laws, regulations or accounting standards, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.