

**16 April 2008**

**JJB Sports plc**

**Preliminary results for the 52 weeks to 27 January 2008**

JJB Sports plc ("JJB") announces its Preliminary unaudited results for the 52 weeks to 27 January 2008

<b>Summary:</b>	<b>Unaudited 52 week period 2007/8</b>	<b>Audited 52 week period 2006/7</b>	<b>Change</b>
Revenue	£811.8m	£810.3m	+ 0.2%
Gross margin	50.0%	47.5%	+ 250 bps
Adjusted operating profit*	£34.3m	£47.7m	-28.2%
Operating profit	£11.3m	£39.0m	-71.1%
Adjusted profit before taxation*	£33.8m	£47.2m	-28.5%
Profit before taxation	£10.8m	£38.5m	-71.9%
Adjusted basic earnings per share*	10.89p	14.21p	-23.4%
Basic earnings per share	4.07p	11.07p	-63.2%
Interim dividend paid	3.0p	3.0p	
Final dividend proposed	7.0p	7.0p	

\*Adjusted operating profit, adjusted profit before taxation and adjusted basic earnings per share are shown before charging various exceptional operating items totalling £23.0 million (2007: £8.7 million) as shown in the Consolidated income statement on page 8.

- **Slight increase in total revenue despite difficult comparatives with the period including the 2006 World Cup which included a similar increase in like-for-like revenue.**
- **250 basis points increase in the gross margin due to higher margins achieved on footwear and replica kit revenue and an increased contribution from the fitness clubs.**
- **Significant restructuring provision of £25.0 million made to implement a store closure programme; store closures will result in strengthened store portfolio.**
- **Continued re-energisation of the retail store chain; introduction of product ranges from new own brands, accompanied by a roll-out in the refits of existing stores.**
- **Final dividend proposed maintained at the rate of 7 pence per ordinary share.**
- **Total revenue for the 7 weeks to 16 March 2008 (pre Easter) is 3.5 per cent lower than the comparative period and is accompanied by a fall in gross margin of less than 100 basis points.**
- **Continued expansion during 2008/9 into combined fitness clubs/superstores.**

Commenting today, Roger Lane-Smith, Chairman, said: -

“We are taking significant action to improve the performance of JJB’s retail stores. Whilst we have identified a number of stores for closure, which will itself strengthen our remaining store portfolio, we are also investing to improve the quality of our stores and product with further store refits, the introduction of new products from our own brands and the implementation of staff training and incentivisation programmes.

We also plan to continue to open more combined fitness clubs and superstores, which continue to deliver strong results.

Whilst we expect current difficult market conditions to continue to affect consumers in the short term, we believe the action we are taking represents a turning point for the Company, which will benefit performance over the medium-term.”

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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)

# **Chief Executive's Review**

## **Trading Results**

The operating results for the 52 weeks to 27 January 2008 together with the comparative figures for the 52 weeks to 28 January 2007, are shown below. We have decided upon an early adoption of IFRS8 "operating segments". Accordingly, our segmental information is now based upon the two business segments about which we appraise 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 segments that we previously used were (a) standalone retail operations and (b) the combined units which included both the fitness clubs and the retail stores situated above them. We believe that this new segmentation gives a more meaningful insight into our two operating divisions.

	52 weeks to 27 January 2008			52 weeks to 28 January 2007		
	Retail Operations £'000	Fitness Clubs £'000	Total £'000	Retail Operations £'000	Fitness Clubs £'000	Total £'000
Revenue	745,474	66,280	811,754	754,488	55,799	810,287
Gross Profit	342,403	63,709	406,112	331,432	53,541	384,973
Location net operating expenses before exceptional operating items	(292,968)	(46,597)	(339,565)	(271,157)	(38,765)	(309,922)
Operating profit before central costs and exceptional operating items	49,435	17,112	66,547	60,275	14,776	75,051
Central costs			(32,278)			(27,307)
Operating profit before exceptional operating items			34,269			47,744
Exceptional operating items			(22,974)			(8,723)
Operating profit			11,295			39,021

### **Retail operations**

Revenue from retail operations for the 52 weeks to 27 January 2008 fell by £9.0 million (1.2 per cent) compared to the previous accounting period which included a like-for-like decrease, on stores which have been in operation for over 52 weeks, of 0.5 per cent. All product categories, with the exception of replica kit products, achieved similar or higher levels of revenue but the strong comparatives from the FIFA World Cup in the summer of 2006 could not be matched in the summer of 2007; over the whole 52 weeks, revenue from England related products fell by £23.4 million.

The gross margin achieved on the retail operations for the 52 weeks to 27 January 2008 was 45.9 per cent compared to 43.9 per cent in the corresponding period. This improvement reflects higher margins from our ranges of footwear and replica products. The gross margin would have been slightly higher had it not been for the extensive stock clearance programme that we carried out during January 2008 which resulted in a more current stock position by 27 January 2008.

Location net operating expenses before exceptional operating items increased by 8.0 per cent to £293.0 million, mainly as a result of increased payroll costs and inflationary increases in power and fuel costs.

As a result, operating profit from the retail stores, before central costs and exceptional operating items, was £49.4 million, compared to £60.3 million last year.

## **Chief Executive's Review (continued)**

### **Trading Results (continued)**

#### **Fitness clubs**

Revenue from the fitness clubs increased by 18.8 per cent to £66.3 million as we continued our expansion into combined units; this included a like-for-like increase of 3.7 per cent; we operated from 39 clubs at 28 January 2007 and from 49 clubs at 27 January 2008. The gross margin continues at a very high level and for the accounting period just ended, was 96.1 per cent.

Location operating expenses before exceptional operating items increased by 20.2 per cent to £46.6 million resulting in an operating profit before central costs and exceptional operating items of £17.1 million, a 15.8 per cent increase compared to the previous accounting period.

#### **Exceptional operating items**

Exceptional operating items for the 52 weeks to 27 January 2008 total £23.0 million and include a provision in respect of the re-structuring of our retail store chain of £25.0 million relating to store closure costs of 72 stores which we are committed to close in April 2008. Included in that store number is 7 which we are to re-badge as "Original Shoe Company" stores. This compares to exceptional operating items in the previous accounting period of £8.7 million, including £4.1 million relating to the final costs of the action taken against us by the Office of Fair Trading and a provision of £3.3 million following the closure of our Icon chain of stores.

#### **Taxation and Dividend**

The effective rate of taxation on the Group's profit before taxation is 10.8 per cent compared to 32.9 per cent in the previous accounting period. This decrease results from the calculation of deferred tax liabilities at the new corporation tax rate of 28.0 per cent which becomes effective on 1 April 2008. If the deferred tax liability had been calculated at the former corporation tax rate of 30.0 per cent, the effective rate of tax would have been 30.1 per cent. The effective rate of 32.9 per cent in the prior year was higher than the then current corporation tax rate because of the increase in provisions relating to the legal penalty and interest thereon which were regarded as being disallowable for tax purposes.

The Board has proposed, subject to approval by the shareholders at the forthcoming Annual General Meeting, to maintain the rate of the final dividend at 7.0 pence net per ordinary share. If approved, the final dividend will be paid on 8 August 2008 to shareholders on the share register at the close of business on 11 July 2008 and the shares will trade ex-dividend from 9 July 2008.

The total of the interim dividend of 3 pence per ordinary share for the 52 weeks to 27 January 2008, paid on 9 January 2008, together with the proposed final dividend, is covered 0.4 times calculated upon basic earnings per ordinary share but is covered 1.1 times calculated on the adjusted basic earnings per share. The dividend yield, based on the share price of 112.5 pence at 25 January 2008, will be 8.9 per cent if the proposed final dividend is approved.

### **Review of Balance sheet**

#### **Capital expenditure**

Capital expenditure on property, plant and equipment for the 52 weeks to 27 January 2008 was £27.3 million compared to £33.1 million in the previous accounting period. The majority of this capital expenditure was spent on the combined fitness club/superstore sites. A total of 9 sites were opened during the 52 weeks to 27 January 2008 (although one of the attached superstores had not opened at the end of the accounting period), compared to 7 in the previous accounting period, although much of the capital expenditure on 3 clubs which opened in the early months of the accounting period to 27 January 2008 was included in the capital expenditure for the previous accounting period.

#### **Current Asset Investment**

In October 2007, we acquired a strategic interest in Umbro plc ("Umbro") for £26.5 million, equivalent to 10.12% of its issued share capital, at a price (including costs) of 179.6 pence per share.

The current asset investment has been valued in the Consolidated balance sheet at 27 January 2008 at 190.3 pence being the market price of Umbro's shares on that day and the gain on the revaluation of £1.6 million has been taken to equity. These shares, pursuant to a Scheme of Arrangement, were acquired by Nike Vapour Ltd for 193.06 pence per share in March 2008 giving a gain in the current accounting period of £434,000.

## **Chief Executive's Review (continued)**

### **Review of Balance sheet (continued)**

#### **Inventories**

The value of inventories at 27 January 2008 was £115.0 million, 10.2 per cent lower than at 28 January 2007, partly as a result of the extensive clearance programme of non-current stock in January 2008 and partly from lower levels of England replica stock because of a later launch of the new kit in 2008.

#### **Net debt**

The Group's net debt at 27 January 2008 was £42.2 million compared to £9.2 million at 28 January 2007. The principal reason for the increase in net debt is the acquisition of the shares in Umbro Plc at a cost of £26.5 million which, as referred to above, have subsequently been sold to Nike Vapour Ltd in March 2008.

### **Operational review**

#### **Retail operations**

At the time of publication of our interim results in September 2007, we set out our plans for the re-energisation of our retail stores whilst maintaining our focus upon being "Serious about sport". During the last 26 week period, we have commenced a number of initiatives which have started this re-energisation: -

- We have undertaken an extensive clearance programme of non-current stock throughout January 2008 and whilst this has impacted our gross margins, it has left our stock package in a much cleaner position than at earlier period ends.
- We are committed to increasing the proportion of our retail store revenue from our own brand products and have recently completed an agreement to licence the UK distribution rights of the Champion brand. Since the year end, we have also purchased the Travel Fox brand. We have doubled the number of staff in our design/sourcing department over the last few months in order to take advantage of the product opportunities presented by these new brands. We will continue to seek to acquire rights to other brands and believe that this will lead to enhanced levels of both revenue and gross margin. We also believe that these initiatives will reduce our dependency on the major bi-annual international football tournaments.
- In November 2007, we refitted our existing store at The Trafford Centre in Manchester incorporating many new features and layouts, including a mezzanine floor. The trading results from this store since the re-opening have been very encouraging with double digit increases in revenue. We intend to refit up to 40 stores during the current year in both our out-of-town superstore and high street superstore formats.
- We are today announcing the results of a major review of our existing store portfolio. Prior to the year end, we started to implement a plan to close 72 stores which we believe will not make any significant contribution to Group profits in the near future. Seven of these stores are to be re-badged as "Original Shoe Company". Many of these stores compete against other newer and larger stores that we trade from in nearby locations. It is intended that all these stores will close in April 2008. Provisions amounting to £25.0 million have been created in respect of these closures, which include the impairment of items within property, plant and equipment, tenancy costs expected to be incurred in exiting the relevant lease agreements and the attendant redundancy costs. We believe that these closures will leave us with a more profitable store portfolio that will be able to take full advantage of the other elements of our re-energisation plans which we set out in this section.
- We have made a number of changes to the operation of our Distribution Centre in order to improve the level of service given to retail stores. The frequency of deliveries to stores has been considerably improved and the Distribution centre is now working a seven-day week and we have begun to pre-retail all products going to our best performing stores.
- Two initiatives which have already been fully implemented are those relating to the introduction of a significant retail store staff incentivisation scheme and the opening of a Training Academy at Martland Park in Wigan. In September 2007, we opened a training academy with a team of ten dedicated trainers who are carrying out training programmes for all retail staff. We are focused on driving revenue through training and believe that this will improve customers' experiences within our stores and further differentiate us from our competitors.

## Chief Executive's Review (continued)

### Operational review (continued)

#### **Retail operations (continued)**

- On 28th January 2008 we acquired the whole of the share capital of the Original Shoe Company Limited ("OSC") for a cash consideration of £5m which was paid at the end of March 2008. OSC carries a range of branded lifestyle clothing and footwear products which have never been available within JJB. There are currently 60 OSC stores based predominately on the high street in the north of England and in Scotland. This fascia will be maintained and we also plan to convert some of our smaller high street stores into OSC stores. OSC will be run as a separate division of JJB, although it will share JJB's financing and marketing functions which will minimise any increase in central costs. The acquisition of OSC allows us to access 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".

#### **Fitness clubs**

During the 52 weeks to 27 January 2008 we opened 9 combined fitness clubs/superstores and acquired one stand-alone fitness club from Fitness First. The total number of fitness clubs in operation at the end of the accounting period was 49 and these sites included 6 indoor soccer centres.

For some time now, we have not considered the growth of our indoor soccer centres as being a strategic part of our future development and consequently sold 5 of these centres to a subsidiary of Powerleague Group plc in February 2008 for a cash consideration of £17.4 million.

Membership levels at the fitness clubs continue to be very satisfactory. There was a total of 205,800 members at the 49 fitness clubs at 27 January 2008, compared to 174,700 members at 28 January 2007 from the 39 fitness clubs in operation at that date. This represents a total increase of 17.8 per cent and includes a like-for-like increase of 3.4 per cent in the number of members in the 39 fitness clubs that have been open throughout the accounting period. Our success in achieving the high levels of membership in our clubs results from the strong value-for-money offering of first-class facilities at very competitive subscription rates.

The continuing success of the concept of combined units fully justifies the Board's decision to maintain the opening programme, referred to in the next section of this Review.

### Property review and store locations

During the 52 weeks to 27 January 2008, we opened 14 new retail stores and reopened 5 stores; during the same period we closed 26 retail stores. The 14 openings comprised 8 stores situated above fitness clubs and 6 standalone superstores. The 26 closures included 7 retail stores which closed as a result of relocations to newly opened nearby sites, with most of the other stores being closed because of their poor trading performance.

The number of operating units is as follows:

	<b>As at 27 January 2008</b>	<b>As at 28 January 2007</b>
Out-of-town superstores*	<b>192</b>	191
High street superstores	<b>102</b>	107
Others - mainly small high street stores	<b>115</b>	118
	<b>409</b>	416
* includes combined fitness club/superstores	<b>44</b>	37
Retail selling space (square feet)	<b>4,348,000</b>	4,295,000

Our opening plans for the current accounting period comprise 10 combined fitness club/superstores and 9 other superstores. The sites of these openings are in various stages of legal negotiation or actual construction. Sites identified for opening during the next accounting period comprise 14 combined fitness clubs/superstores and 4 other superstores.

We have already referred in the Retail operations part of the Operational review on an earlier page, to our plans for the closure of a number of stores as a result of a review of our existing store portfolio and to our plans for store refits.

## **Chief Executive's Review (continued)**

### **Board changes**

David Greenwood, who has been Finance Director of the Company for 30 years, reaches his retirement age in August 2008 and is to step down as Finance Director on 30 April 2008. He will continue in his position of Company Secretary until 27 July 2008. David will be replaced by David Madeley, who has been our Commercial Director since 26 November 2007. The Board wishes to thank David Greenwood for his long service to the Company and wish him a very happy retirement.

### **Current trading**

With Easter falling very early this year and the school holidays being staggered, it has been difficult to make direct comparisons with the equivalent period last year. We are therefore reporting our revenue for the 7 weeks to 16 March 2008, before the start of the Easter period and will report during May in our Interim Management statement on the first 13 weeks of the current accounting period to 27 April 2008.

Total revenue for JJB stores and fitness clubs for the 7 weeks to 16 March 2008 was 3.5 per cent lower than the same period last year and includes a like-for-like reduction in revenue of 3.0 per cent on operating units which have been trading for over 52 weeks. The combined gross margin achieved in this accounting period was less than 100 basis points lower than that achieved in the same period last year; this level of performance is not unexpected under the prevailing economic conditions.

We acquired the Original Shoe Company chain of stores on 28 January 2008 and it will be a number of months before we see the benefit from the sale of products which have been purchased by our own buyers.

Whilst we do not expect the current difficult economic conditions to improve in the short-term, we believe that the initiatives we are taking to improve the quality and performance of our retail stores, will result in a stronger Group trading position in the medium-term. This improved position will be supported by the continued expansion into combined fitness clubs/superstores.

C Ronnie  
Chief Executive  
16 April 2008

## Consolidated income statement for the 52 weeks to 27 January 2008

	<b>Unaudited</b> 52 weeks to 27 January 2008	Audited 52 weeks to 28 January 2007
	<b>£'000</b>	£'000
<b>Continuing operations</b>		
<b>Revenue</b>	<b>811,754</b>	810,287
Cost of sales	<b>(405,642)</b>	(425,314)
<b>Gross profit</b>	<b>406,112</b>	384,973
Other operating income	<b>3,314</b>	5,163
Distribution expenses	<b>(28,619)</b>	(23,844)
Administration expenses	<b>(35,413)</b>	(33,439)
Selling expenses	<b>(334,099)</b>	(293,832)
<b>Operating profit</b>	<b>11,295</b>	39,021
<b>Operating profit is stated after (charging) crediting</b>		
Provision for restructuring of retail store chain (Note 4)	<b>(24,970)</b>	-
Increase in provisions relating to legal penalty and interest thereon	-	(4,063)
Charges relating to the closure of Icon stores	-	(3,343)
Net gain (loss) on disposal of property, plant and equipment	<b>1,996</b>	(1,317)
	<b>(22,974)</b>	(8,723)
Investment revenue	<b>11,551</b>	9,437
Finance costs	<b>(12,442)</b>	(9,965)
Share of results of associated undertaking	<b>396</b>	-
<b>Profit before taxation</b>	<b>10,800</b>	38,493
Taxation (Note 5)	<b>(1,170)</b>	(12,668)
<b>Profit after taxation for the period attributable to equity holders of the parent</b>	<b>9,630</b>	25,825
<b>Basic earnings per ordinary share – (Note 7)</b>	<b>Pence 4.07</b>	11.07
<b>Diluted earnings per ordinary share – (Note 7)</b>	<b>Pence 4.07</b>	11.07
<b>Adjusted basic earnings per ordinary share – (Note 7)</b>	<b>Pence 10.89</b>	14.21

**Consolidated statement of recognised income and expense  
for the 52 weeks to 27 January 2008**

	<u>Unaudited</u> 52 weeks to 27 January 2008 £'000	<u>Audited</u> 52 weeks to 28 January 2007 £'000
Gain on revaluation of available-for-sale investment taken to equity	1,555	-
Taxation on item taken directly to equity	(435)	-
Exchange differences on translation of foreign operations	(1,398)	163
<b>Net (expense) income recognised directly in equity</b>	<b>(278)</b>	<b>163</b>
<b>Profit after taxation for the period</b>	<b>9,630</b>	<b>25,825</b>
<b>Recognised income and expense for the period</b>	<b>9,352</b>	<b>25,988</b>

**Reconciliation of movements in equity for the 52 weeks to 27 January 2008**

	<u>Unaudited</u> 52 weeks to 27 January 2008 £'000	<u>Audited</u> 52 weeks to 28 January 2007 £'000
Opening total equity	377,026	364,593
Recognised income and expense for the period	9,352	25,988
Share issues	1,899	3,359
Share based payment reserve	383	297
Investment in own shares	-	(3,083)
Dividends paid (Note 6)	(23,672)	(23,238)
Scrip dividends re-invested	67	9,110
<b>Closing total equity</b>	<b>365,055</b>	<b>377,026</b>

## Consolidated balance sheet as at 27 January 2008

	<u>Unaudited</u> As at 27 January 2008 £'000	<u>Audited</u> As at 28 January 2007 £'000 Restated (see note below)
<b>Non-current assets</b>		
Goodwill	187,834	188,459
Other intangible assets	25,417	27,397
Property, plant and equipment	198,272	198,980
Investment in associated undertaking (Note 8)	1,677	-
Loan to associated undertaking (Note 8)	4,000	-
	<u>417,200</u>	<u>414,836</u>
<b>Current assets</b>		
Inventories	114,984	128,082
Trade and other receivables	45,412	38,205
Current asset investments (Note 9)	196,217	168,117
Cash and cash equivalents	14,199	23,566
Current tax receivable	1,536	-
	<u>372,348</u>	<u>357,970</u>
<b>Total assets</b>	<u>789,548</u>	<u>772,806</u>
<b>Current liabilities</b>		
Trade and other payables	(110,874)	(113,509)
Current tax liabilities	-	(6,022)
Loan notes	(168,117)	(168,117)
Provisions	(22,656)	(12,380)
	<u>(301,647)</u>	<u>(300,028)</u>
<b>Net current assets</b>	<u>70,701</u>	<u>57,942</u>
<b>Non-current liabilities</b>		
Bank loans	(56,355)	(32,812)
Deferred tax liabilities	(24,237)	(23,416)
Deferred lease incentives	(39,950)	(38,627)
Provisions	(2,304)	(897)
	<u>(122,846)</u>	<u>(95,752)</u>
<b>Total liabilities</b>	<u>(424,493)</u>	<u>(395,780)</u>
<b>Net assets</b>	<u>365,055</u>	<u>377,026</u>
<b>Equity</b>		
Share capital (Note 11)	11,944	11,892
Share premium account	171,248	169,334
Capital redemption reserve	1,069	1,069
Investment in own shares	(3,083)	(3,083)
Share based payment reserve	680	297
Foreign currency translation reserve	(1,211)	187
Retained earnings	184,408	197,330
<b>Equity attributable to equity holders of the parent</b>	<u>365,055</u>	<u>377,026</u>

### Note

The Consolidated balance sheet at 28 January 2007 has been restated by reclassifying taxes other than corporation tax amounting to £8,963,000 to "Trade and other payables"; in the published accounts they had been included with Corporation tax in "Tax liabilities". There has also been a reclassification amounting to £897,000 of provisions greater than one year to "Non-current liabilities". The Directors consider that the reclassifications give a more appropriate presentation.

## Consolidated cash flow statement for the 52 weeks to 27 January 2008

	<u>Unaudited</u> 52 weeks to 27 January 2008 £'000	<u>Audited</u> 52 weeks to 28 January 2007 £'000
<b>Net cash from operating activities</b> (Note 12)	<b>45,531</b>	80,339
<b>Investing activities</b>		
Interest received	11,263	9,437
Dividend received on available-for-sale investment	288	-
Purchase of subsidiary	(31)	(1,228)
Cash and cash equivalents of subsidiary acquired	-	231
Release of deferred consideration relating to a subsidiary	818	-
Proceeds on disposal of property, plant and equipment	5,146	1,956
Proceeds on disposal of intangible assets	153	-
Purchase of goodwill	(339)	-
Purchase of intangible assets	(182)	(18,488)
Purchase of property, plant and equipment	(27,277)	(33,124)
Investment in associated undertaking	(1,281)	-
Purchase of available-for-sale investment	(26,545)	-
<b>Net cash used in investing activities</b>	<b>(37,987)</b>	(41,216)
<b>Financing activities</b>		
Interest paid	(12,399)	(9,930)
Dividends paid	(23,605)	(14,128)
Investment in own shares	-	(3,083)
Proceeds from issues of share capital	1,899	3,359
Net proceeds from bank loans	23,500	17,892
Repayment of bank loan	-	(45,000)
Loan to associated undertaking	(4,000)	-
<b>Net cash used in financing activities</b>	<b>(14,605)</b>	(50,890)
<b>Net decrease in cash and cash equivalents</b>	<b>(7,061)</b>	(11,767)
Cash and cash equivalents at beginning of period	23,566	34,860
Effect of foreign exchange rate changes	(2,306)	473
<b>Cash and cash equivalents at end of period</b>	<b>14,199</b>	23,566

## **Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008**

### **1. Basis of preparation**

The Group's unaudited Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 were approved by the Board of Directors on 15 April 2008.

The Group's Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 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 Condensed consolidated preliminary results are consistent with those set out in the Group's Annual financial statements for the 52 weeks to 28 January 2007, published by the Company on 6 June 2007, with the exception of the adoption of IFRS 7 'Financial Instruments: Disclosures' and IFRS 8 'Operating Segments'. 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 the Group's website, [www.jjbcorporate.co.uk](http://www.jjbcorporate.co.uk)

### **2. Statement of compliance**

These Condensed consolidated preliminary results for the 52 weeks to 27 January 2008, contain condensed consolidated financial statements which have been drawn up in accordance with IFRS and the provisions of IFRS 1. The condensed consolidated financial statements 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 Condensed consolidated preliminary results do not constitute the Company's statutory accounts for the 52 week periods ended 27 January 2008 or 28 January 2007. The financial information for the 52 week period ended 28 January 2007 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 audit of the statutory accounts for the 52 week period ended 27 January 2008 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the Directors in these Condensed consolidated preliminary results and will be delivered to the Registrar of Companies following the Company's Annual general meeting.

## Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)

### 3. Segmental information

The Group has adopted IFRS8 Operating Segments for the 52 weeks to 27 January 2008. The adoption of IFRS8 has 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.

Information regarding the Group's operating segments is reported below. Amounts reported for the 52 weeks to 28 January 2007 have been restated to make them consistent with the amounts reported for the 52 weeks to 27 January 2008.

#### Segmental information for the 52 weeks to 27 January 2008

##### Consolidated income statement

	<b>Retail operations £'000</b>	<b>Fitness clubs £'000</b>	<b>Total £'000</b>
Revenue	<u>745,474</u>	<u>66,280</u>	<u>811,754</u>
Gross profit	<u>342,403</u>	<u>63,709</u>	<u>406,112</u>
Location net operating expenses before exceptional operating items	<u>(292,968)</u>	<u>(46,597)</u>	<u>(339,565)</u>
Operating profit before central costs and exceptional operating items	<u>49,435</u>	<u>17,112</u>	<u>66,547</u>
Central costs			<u>(32,278)</u>
Operating profit before exceptional operating items			<u>34,269</u>
Exceptional operating items			<u>(22,974)</u>
Operating profit			<u>11,295</u>
Investment revenue			<u>11,551</u>
Finance costs			<u>(12,442)</u>
Share of results of associated undertaking			<u>396</u>
Profit before taxation			<u>10,800</u>
Taxation			<u>(1,170)</u>
Profit after taxation for the period			<u>9,630</u>

**Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)**

**3. Segmental information (continued)**

Segmental information for the 52 weeks to 28 January 2007

Consolidated income statement

	Retail operations £'000	Fitness clubs £'000	Total £'000
Revenue	754,488	55,799	810,287
Gross profit	331,432	53,541	384,973
Location net operating expenses before exceptional operating items	(271,157)	(38,765)	(309,922)
Operating profit before central costs and exceptional operating items	60,275	14,776	75,051
Central costs			(27,307)
Operating profit before exceptional operating items			47,744
Exceptional operating items			(8,723)
Operating profit			39,021
Investment revenue			9,437
Finance costs			(9,965)
Profit before taxation			38,493
Taxation			(12,668)
Profit after taxation for the period			25,825

**4. Provision for restructuring of retail store chain**

	<b>52 weeks to 27 January 2008 £'000</b>	52 weeks to 28 January 2007 £'000
Provision for restructuring of retail store chain	<b>24,970</b>	-

The above provision reflects the direct expenditure expected to be incurred in closing the stores which the Group, prior to the year end, was committed to cease trading from before the end of April 2008, following a review of the existing store portfolio carried out prior to the end of the year. The provision comprises staff redundancy costs, losses on the disposal of property, plant and equipment and the costs expected to be incurred in exiting the relevant lease agreements.

## Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)

### 5. Taxation

The current taxation charge shown in the Consolidated income statement for the 52 weeks to 27 January 2008 has been based on the current rate of taxation of 30 per cent (2007: 30 per cent). The deferred taxation charge shown in the Consolidated income statement for the 52 weeks to 27 January 2008 has been based on the rate of taxation of 28 per cent (2007: 30 per cent). The main rate of corporation tax became 28 per cent on 1 April 2008. As a result of this reduction in the rate of corporation tax, the timing differences will reverse at this rate and have been calculated accordingly.

	<b>52 weeks to 27 January 2008</b>	52 weeks to 28 January 2007
	<b>£'000</b>	£'000
<b>Current tax:</b>		
UK corporation tax	459	9,030
Foreign tax	240	207
Adjustment in respect of prior periods	109	(207)
	<b>808</b>	9,030
<b>Deferred tax:</b>		
Current period	362	3,638
	<b>362</b>	3,638
<b>Taxation charge</b>	<b>1,170</b>	12,668

The deferred tax charge 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 charge for the period can be reconciled to the profit before taxation shown in the Consolidated income statement as follows:

	<b>52 weeks to 27 January 2008</b>		52 weeks to 28 January 2007	
	<b>£'000</b>	<b>%</b>	£'000	%
<b>Profit before taxation:</b>	<b>10,800</b>		38,493	
Tax at the current UK corporation tax rate	3,240	30.0	11,548	30.0
Tax effect of expenses that are not deductible in determining taxable profit	237	2.2	1,624	4.2
Tax effect of prior year UK corporation tax adjustments	109	1.0	(207)	(0.5)
Tax effect of share of results of associates	(119)	(1.1)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(216)	(2.0)	(297)	(0.8)
Tax effect of change in tax rates	(2,081)	(19.3)	-	-
<b>Taxation charge and effective tax rate for the period</b>	<b>1,170</b>	<b>10.8</b>	12,668	32.9

## Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)

### 6. Dividends

	<b>52 weeks to 27 January 2008</b>	52 weeks to 28 January 2007
	<b>£'000</b>	£'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the 52 weeks to 28 January 2007 of 7.0 pence net per ordinary share paid on 3 August 2007 (2007: 7.0 pence)	<b>16,556</b>	16,154
Interim dividend for the 52 weeks to 27 January 2008 of 3.0 pence net per ordinary share paid on 9 January 2008 (2007: 3.0 pence)	<b>7,116</b>	7,084
	<b>23,672</b>	23,238
Proposed final dividend for the 52 weeks to 27 January 2008 of 7.0 pence net per ordinary share (2007: 7.0 pence)	<b>16,722</b>	16,530

The proposed final dividend is subject to approval by shareholders at the 2008 Annual General Meeting and has not been included as a liability in these Condensed consolidated financial statements.

### 7. Earnings per share

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

	<b>52 weeks to 27 January 2008</b>	52 weeks to 28 January 2007		
	<b>£'000</b>	£'000	<b>Earnings per share</b>	Earning per share
Earnings for the purposes of basic earnings per ordinary share and diluted earnings per ordinary share, being net profit after taxation attributable to equity holders of the parent	<b>9,630</b>	25,825	4.07p	11.07p
Exceptional items (net)	<b>22,974</b>	8,723	9.70p	3.74p
Tax on exceptional items (net)	<b>(6,806)</b>	(1,398)	(2.88p)	(0.60p)
Earnings for the purposes of adjusted basic earnings per ordinary share, being net profit attributable to equity holders of the parent before exceptional operating items, after taxation	<b>25,798</b>	33,150	10.89p	14.21p

Number of shares

Number of ordinary shares (thousands)

Weighted average number of ordinary shares for the purposes of basic earnings per ordinary share	<b>236,802</b>	233,261
Effect of dilutive potential ordinary shares:		
Share options	<b>53</b>	51
Weighted average number of ordinary shares for the purposes of diluted earnings per ordinary share	<b>236,855</b>	233,312
<b>Basic earnings per ordinary share</b>	<b>4.07p</b>	11.07p
<b>Diluted earnings per ordinary share</b>	<b>4.07p</b>	11.07p
<b>Adjusted basic earnings per ordinary share</b>	<b>10.89p</b>	14.21p

## Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)

### 8. Investment in associated undertaking

On 14 June 2007, JJB Sports plc (“JJB”) acquired 48 per cent of the issued share capital of KooGa Rugby Limited (“KooGa”), a company incorporated in England, for a consideration of £1,281,000. The business activity of KooGa is the manufacture of sporting apparel, principally for rugby.

The Group uses the equity method of accounting for associated undertakings. At 27 January 2008, the investment in the associated undertaking is as follows:-

	<b>£'000</b>
Consideration	1,281
Fair value of net liabilities acquired	251
Goodwill on acquisition	1,532
Fair value of net assets at 27 January 2008	145
<b>Investment in associated undertaking</b>	<b>1,677</b>
<b>Loan to associated undertaking</b>	<b>4,000</b>

JJB’s 48 per cent share of KooGa’s assets, liabilities and results (post becoming an associate of JJB) as shown in their management accounts is as follows:-

	<b>At 27 January 2008 £'000</b>
Total assets	3,587
Total liabilities	(3,442)
Net assets	145
Revenue	4,388
Profit before taxation	396

KooGa has a co-terminous year end with JJB. There are no significant restrictions on the ability of the associated undertaking to transfer funds to its shareholders, other than those imposed by legal requirements. The carrying value of the investment in the associated undertaking includes acquired goodwill.

### 9. Current asset investments

	<b>At 27 January 2008 £'000</b>	<b>At 28 January 2007 £'000</b>
<b>Available-for-sale investment carried at fair value</b>		
Shares	28,100	-
<b>Loans and receivables</b>		
Loan note deposit	168,117	168,117
	<b>196,217</b>	<b>168,117</b>

The Shares represent a non-controlling interest of 10.12 per cent in the issued share capital of Umbro Plc purchased for strategic purposes. These shares were not held for trading and accordingly are classified as available for sale. The fair value of these shares is based upon their quoted market price at 27 January 2008. The purchase price of the shares was £26,545,000 and the fair value adjustment taken directly to equity during the 52 weeks to 27 January 2008 was £1,555,000.

The loan note deposit represents a bank balance which acts as security for the loan notes which are included within Current liabilities in the Balance sheet. Interest is received on the loan note deposit at an interest rate linked to LIBOR (see Note 10).

## Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)

### 10. Bank loans and loan notes

The Groups' working capital is provided through a 5 year £60 million revolving bank credit facility which commenced in June 2005, and a 6 year Term loan of £18 million, in order to finance the acquisition of the Glasgow Rangers FC licensing agreement, which commenced in June 2006. Both facilities were arranged at interest rates fixed to LIBOR and expose the Group to fair value interest rate risk.

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 quarterly rate linked to LIBOR and the loan notes are secured by an identical amount held in a bank account and shown in the Consolidated balance sheet under Current assets as "Current asset investments" (see Note 9).

### 11. Share capital

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

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

Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)

12. Reconciliation of operating profit to net cash from operating activities

	52 weeks to 27 January 2008 £'000	52 weeks to 28 January 2007 £'000
Operating profit from continuing operations	11,295	39,021
Depreciation and impairment of property, plant, equipment	25,743	18,432
Amortisation of other intangible assets	1,994	1,282
Impairment of goodwill	178	-
Net (gain) loss on disposal of property, plant and equipment	(1,996)	1,317
Loss on disposal of property, plant and equipment relating to the closure of Icon stores	-	1,376
Loss on disposal of intangible assets	14	-
Increase in provisions	11,683	5,947
Share based payment reserve	383	297
<b>Operating cash flow before movements in working capital</b>	<b>49,294</b>	<b>67,672</b>
Decrease (increase) in inventories	13,098	(7,432)
(Increase) decrease in trade and other receivables	(7,207)	1,825
(Decrease) increase in payables	(1,312)	21,118
<b>Cash generated by operations</b>	<b>53,873</b>	<b>83,183</b>
Taxation paid	(8,342)	(2,844)
<b>Net cash from operating activities</b>	<b>45,531</b>	<b>80,339</b>

13. Analysis of net debt as at 27 January 2008

	As at 28 January 2007 £'000	Cash Flow £'000	Other non- cash items £'000	As at 27 January 2008 £'000
<b>Current asset investment</b>				
Loan note deposit	168,117	-	-	168,117
<b>Cash and cash equivalents</b>	23,566	(7,061)	(2,306)	14,199
	191,683	(7,061)	(2,306)	182,316
<b>Current liability</b>				
Loan notes	(168,117)	-	-	(168,117)
<b>Non-current liability</b>				
Bank loans	(32,812)	(23,500)	(43)	(56,355)
	(9,246)	(30,561)	(2,349)	(42,156)

## Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)

### 14. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

#### Trading transactions

During the 52 weeks to 27 January 2008, the Company entered into the following transactions with related parties who are not members of the Group:

	<u>Income from related parties</u>		<u>Expenditure with related parties</u>	
	<b>52 weeks to 27 January 2008</b>	52 weeks to 28 January 2007	<b>52 weeks to 27 January 2008</b>	52 weeks to 28 January 2007
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Whelco Holdings Limited	132	267	351	795
Executive Director's family trust	-	-	50	150
E – View Properties Limited	-	504	-	-
KooGa Rugby Limited	182	-	1,680	-
Source Lab Limited	-	-	486	-
	<u>Amounts owed by related parties</u>		<u>Amounts owed to related parties</u>	
	<b>As at 27 January 2008</b>	As at 28 January 2007	<b>As at 27 January 2008</b>	As at 28 January 2007
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Whelco Holdings Limited	-	137	-	176
KooGa Rugby Limited - Loan	4,000	-	-	-
-Trade receivables/payables	1,156	-	1,786	-
Source Lab Limited	-	-	208	-

Whelco Holdings Limited, E-View Properties Limited and the Executive Director's family trust, are all entities in which David Whelan, a former Executive Director of the Company, had an interest. David Whelan, his immediate family and related trusts, disposed of their entire shareholdings in the Company on 8 June 2007 at which date they ceased to be a related party.

Whelco Holdings Limited is a company owned by members of the family of David Whelan, operating itself or through its subsidiaries, a number of businesses including that of Wigan Athletic Football Club (WAFC), Wigan Warriors Rugby League Club (WWRLC) and the stadium in which both teams play which is known as the "JJB Stadium".

The Group incurred expenditure in its capacity of sponsors to WAFC and WWRLC and incurred costs in respect of the naming rights for the JJB Stadium. Advice was taken from independent third parties as to the comparative levels of the costs of sponsorship and naming rights at other clubs and stadia, prior to the agreement of the amounts to be paid.

The Group made sales to Whelco Holdings Limited and its subsidiary companies in respect of both football and rugby related products.

A store in Northampton had previously been leased by JJB from a third party for a number of years and was operated as a retail store until October 1998. The freehold of the store was subsequently acquired from the third party by the Trustees of an Executive Director's Accumulation and Maintenance Settlement, (a Settlement in which some members of the family of David Whelan have an interest). Following the opening of the new retail store on 10 August 2003, JJB has continued to pay rent on a full commercial basis at the rate of £150,000 per annum.

The Group made purchases from Source Lab Limited, a company of which a director is the brother of the Chief Executive of JJB Sports Plc.

## Notes to the Condensed consolidated preliminary results for the 52 weeks to 27 January 2008 (continued)

### 14. Related party transactions (continued)

Following the disposal of his shareholdings in the Company, David Whelan acquired the Vizwear Garments business, an intangible asset of the Group, at an arms length valuation of £153,000.

The Company acquired 48 per cent of the issued share capital of KooGa Rugby Limited (“KooGa”) on 14 June 2007 (see Note 8). Purchases were made by the Company from KooGa 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 net amount of trade receivables/payables is unsecured and will be settled in cash. No guarantees have been given.

During the period 14 June 2007 to 27 January 2008, the Company has advanced a loan of £4 million to KooGa. Repayments will be made out of the profit after taxation of KooGa.

### 15. Events since the balance sheet date

#### Final dividend

The Board has proposed a final dividend of 7.0 pence net per ordinary share (2007: 7.0 pence). In accordance with IAS 10, the proposed dividend has not been included as a liability in the Consolidated balance sheet at 27 January 2008. Subject to shareholders approval at the forthcoming Annual General Meeting (AGM), this dividend will be paid on 8 August 2008 to shareholders on the register at 11 July 2008.

#### Original Shoe Company

On 18 December 2007 the Company agreed to acquire the whole of the issued share capital of the Original Shoe Company (“OSC”) from Sports Direct International Plc with effect from 28 January 2008 for a cash consideration of £5 million. OSC trades from 60 stores which are predominately situated in the north of England and in Scotland.

OSC sells a range of branded lifestyle clothing and footwear. Its premium clothing brands include Ben Sherman, Henri Lloyd, adidas Originals and Timberland whilst its footwear includes trainers and other leisure footwear brands such as Lacoste, K-Swiss, Caterpillar, Converse and Timberland.

#### Sale of UK indoor soccer centres

On 26 February 2008, the Company announced the sale of its 5 UK indoor soccer centres to a subsidiary of Powerleague Group plc (“Powerleague”) for a cash consideration of £17.4 million.

The Company will retain ownership of the leasehold sites and continue trading from the attached retail stores and fitness clubs. Powerleague will lease the indoor soccer centres and their wet sales facilities from the Company.

#### Available-for-sale investment

On 19 October 2007, the Company announced the purchase of 10.12 per cent of the issued share capital of Umbro Plc (“Umbro”). These shares were not held for trading and accordingly were classified as an “available-for-sale investment” in its Consolidated balance sheet at 27 January 2008 (see Note 10).

On 23 October 2007, the Boards of Umbro and Nike Vapour Ltd (“Nike”) announced they had reached agreement on terms for a recommended cash acquisition to be made by Nike for the entire issued and to be issued share capital of Umbro, such acquisition to be effected by means of a Scheme of Arrangement under section 425 of the Companies Act 1985 and section 899 of the Companies Act 2006.

On 29 February 2008, the Company announced that it had entered into an irrevocable undertaking with Nike to vote its interest in the shares of Umbro in favour of this Scheme of Arrangement.

On 3 March 2008, Umbro announced that the Scheme of Arrangement had become effective and on 17 March 2008, the Company received the proceeds from the sale of its shareholding in Umbro for £28,534,000, which compares to its carrying value as at 27 January 2008 of £28,100,000.

**16. 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.