

JJB Sports plc**Interim results for the 26 Weeks to 30 July 2006**

JJB Sports plc (“JJB”), the UK’s largest publicly quoted sports retailer, announces its unaudited interim results for the 26 weeks to 30 July 2006.

Summary:

	2006	2005	Change
Revenue	£381.6m	£340.4m	+12.1%
Gross margin	48.0%	49.5%	-1.5%
Operating profit	£18.4m	£17.6m	+4.5%
Net profit before taxation	£18.2m	£18.1m	+0.5%
Profit after taxation	£12.8m	£16.6m	-22.9%
Earnings per share	5.55p	7.20p	-22.9%
Interim dividend	3.0p	3.0p	

Key points:

- **Like-for-like revenue increased by 9.5 per cent**
- **The gross margin continues to be affected by very strong competition within the sports retail sector**
- **The reduction in earnings per share is attributable to the low rate of taxation in the comparative accounting period**
- **The interim dividend has been maintained at the same level as last year**
- **Total revenue and like-for-like revenue has increased by 8.8 per cent during the 11 weeks to 15 October 2006, accompanied by a slightly higher gross margin than that achieved in the comparative period**
- **Focus on “Serious About Sport” strategy to differentiate JJB from its competitors**
- **Continued expansion of the Leisure Division**

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

“Although we are encouraged by the revenue improvement and the marginal increase in pre-tax profit, difficult trading conditions continue to challenge the margin. This is most evident in the sale of replica kit where the World Cup boosted sales, but these sales were subject to intense competition on pricing.

JJB is focusing on its “Serious About Sport” strategy to differentiate itself from other retailers and to protect its margin by improving the quality of its stores and products; I am pleased to report that we are gaining support from the major brands in this approach. The Leisure Division also continues to grow and I am very happy to report both increased profitability and membership numbers.

Looking forward, the latest trading results give us confidence for a satisfactory outcome to the current accounting period. However, the retail sector continues to be highly competitive and Christmas will be an important trading period for us.”

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

Chairman's statement

In my Chairman's Statement of the 27th July this year, I stated that I did not anticipate an improvement in trading conditions in the current financial year in view of the climate of severe competition in the sports retail market. Although we are encouraged by the reported revenue improvement and the marginal increase in pre-tax profit, these difficult trading conditions continue to challenge our margin. This is most evident in the sale of replica kit where the World Cup boosted sales, but these sales were subject to intense competition on pricing.

We are increasing the focus on our "Serious About Sport" strategy to differentiate us from our competitors and to protect our margin by improving the quality of our stores and products; we are now receiving support from the major brands in this approach. This support is manifesting itself in our stores, which are increasingly achieving a new and fresher look and with our product offer which includes an increased number of exclusive ranges at competitive prices. We have also been introducing new brands such as UnderArmour, a sports brand that has taken America by storm. With these new products and brands, I believe the retail shopping experience at JJB will continue to flourish.

Our acquisition of the licensing agreement with Glasgow Rangers is already proving to be a successful and profitable addition to our Professional Teamwear Division; following our acquisition of Golf TV Limited, we are moving towards the re-branding of their shopping channel to a JJB shopping channel.

Our Leisure Division continues to grow and I am happy to report both increased profitability and membership which has increased by 34 per cent in the last 12 months. We intend to open at least 12 combined health clubs/superstores in the current financial year taking the total number in operation at the end of January 2007 to 44.

Looking forward, the latest trading results give us confidence for a satisfactory outcome to the current accounting period. However, the retail sector continues to be highly competitive and Christmas will be an important trading period for us. We will continue to be focused upon value, quality and service and to be "Serious About Sport".

R Lane-Smith
Non-executive Chairman
18 October 2006

Chief Executive's statement

Operating results

The operating results for the 26 weeks to 30 July 2006 are compared to those for the 26 weeks to 31 July 2005 below: -

	Revenue		Operating profit (1) before HO/DC allocation		Operating profit (1) after HO/DC allocation	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Standalone stores	323,481	300,801	33,823	35,849	11,576	12,283
Leisure Division	58,163	39,594	10,370	7,560	6,831	5,339
	<u>381,644</u>	<u>340,395</u>	<u>44,193</u>	<u>43,409</u>	<u>18,407</u>	<u>17,622</u>
Head office and distribution centre costs (‘HO/DC’)			(25,786)	(25,787)		
Operating profit (1)			<u>18,407</u>	<u>17,622</u>	<u>18,407</u>	<u>17,622</u>

(1) Operating profit is stated after charging net ‘non-recurring’ operating items of £1,677,000 (2005: after crediting net ‘non-recurring’ operating items of £306,000)

Total revenue for the 26 weeks to 30 July 2006 was 12.1 per cent higher than for the comparative period last year and included an increase in like-for-like revenue of locations which have been trading for over 52 weeks of 9.5 per cent. Included in the increase in total revenue, is an increase in revenue from the Leisure Division of 46.9 per cent which reflects the increased number of trading locations within this Division.

The gross margin achieved by the Group during the 26 weeks to 30 July 2006 was 48.0 per cent which compares to 49.5 per cent achieved in the comparative accounting period. Included in these figures is the gross margin earned from all the Group’s retail stores (including those operated within the Leisure Division), which fell to 44.4 per cent from 46.7 per cent; the gross margin earned from leisure facilities of 95.6 per cent compared to 94.9 per cent in the comparative accounting period.

Trading conditions and competition from other retailers continue to have an influence on the gross margin achieved in the Group’s retail stores. Although the accounting period to 30 July 2006 has benefited from the sales of World Cup related replica products amounting to approximately £14.1 million, we also achieved increases in sales of textiles, footwear and equipment/accessories. Particularly strong competition in World Cup related products resulted in lower than usual gross margins being achieved on these products.

Operating expenses, net of operating income, increased by £14.0 million or 9.3 per cent. This increase includes £9.0 million additional expenses arising from the higher number of Leisure Division sites in operation during the period when compared to the same period last year. Operating expenses also include a net non-recurring operating item of £1.28 million, being the creation of provisions relating to the closure, after 30 July 2006, of stores in the Icon division.

Operating profit for the 26 weeks to 30 July 2006 increased by 4.5 per cent to £18.4 million from £17.6 million and profit before taxation increased to £18.2 million from £18.1 million.

Interest, taxation and dividend

Net interest payable of £242,000, compares to net interest receivable in the comparative period of £461,000 which mainly reflects the costs of increased borrowing to finance the acquisition of the Glasgow Rangers Football Club licensing agreement.

The effective rate of taxation on the Group’s profits before taxation was 29.5 per cent which is in line with the UK Corporation Tax rate. The effective rate of taxation in the comparative period had been a very low 8.1 per cent which resulted from the finalisation of a number of years corporation tax liabilities and is the principal reason for the fall in earnings per share to 5.55 pence per ordinary share, from 7.20 pence.

The Board has proposed an interim dividend of 3 pence per ordinary share, which is unchanged from last year. Shareholders holding 56.4 per cent of the ordinary shares, took the Company’s offer of a scrip dividend in respect of their 2005/6 final dividend. The Board is not proposing a similar choice to shareholders for the 2006 interim dividend but will consider offering a scrip dividend alternative for the 2006/7 final dividend. The interim dividend will be paid on 5 January 2007 to shareholders on the share register at the close of business on 8 December 2006; the shares will trade ex-dividend from 6 December 2006.

Balance sheet

Capital expenditure on property, plant and equipment of £15.0 million, is considerably lower than the £31.2 million in the same period last year as a result of the timing of costs associated with the opening of combined units, between the first half and second half of each financial year. Capital expenditure included £7.1 million on operating units opened during the 26 weeks to 30 July 2006 and £4.6 million on operating units to open during the second half of the current accounting period. Expenditure on intangible assets increased to £18.4 million from £10.2 million as a result of the £18 million acquisition of the Glasgow Rangers Football Club 10 year licensing agreement.

Inventories at 30 July 2006 amounted to £149.8 million compared to £155.6 million at the same date last year despite there being a small increase in retail store selling space between these two dates.

Net debt at 30 July 2006 amounted to £31.5 million compared to £36.1 million at 31 July 2005. Although further borrowings of £18 million had been taken up in June 2006 to finance the acquisition of the Glasgow Rangers Football Club licensing agreement, the net debt was below that at the same date last year partly because of the lower capital expenditure on property, plant and equipment and partly because the final 2005/6 dividend was paid in August 2006, whilst the earlier year's dividend was paid in July 2005.

JJB product and brand development

The following table shows the percentage of JJB's store revenue for each product category:

	26 weeks to 30 July 2006 %	26 weeks to 31 July 2005 %
Textiles	32.2	33.7
Footwear	30.4	32.9
Replica kit	16.4	12.2
Equipment and accessories	15.2	14.4
Golf and cycles	5.8	6.8
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	100	100
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Revenue from replica kit sales during the FIFA World Cup was approximately £14.1 million higher than in the same period last year, which was a non-competition year. This increase in revenue did not have a material impact upon textile sales which produced an increase in revenue of 5.0 per cent as our product ranges were more competitively priced and more attractive to the consumer than during the equivalent period last year.

Competition in the retail sports industry is particularly strong in replica kit products and also in the footwear category; footwear revenue increased slightly compared to the same period last year but at lower gross margins.

We are continuing to emphasise JJB's sports-related stance by using the "Serious About Sport" slogan in our advertising and by stocking a range of products from the two premium manufacturers – Nike and adidas, supported by lower-priced ranges from a number of other brands including our own exclusive brands of Patrick, Olympus, Lotto, Le Coq Sportif and Slazenger. We have for some time been trying to achieve a greater product differentiation in our retail stores, when compared to those of our competitors, and we are now more confident that our close relationships with both the Nike and adidas brands will result in a much wider range of exclusive products being on offer at JJB. This close relationship has also resulted in the introduction of new adidas in-store areas within our superstores and we hope to also roll-out Nike in-store areas in the near future.

We have recently begun to stock a range of products from Underarmour, which is a very successful American premium clothing brand and have signed an agreement to both wholesale and retail a range of high visibility clothing.

In May 2006, we announced the acquisition of the whole of the share capital of Golf TV Limited ("Golf TV") for an initial consideration of £0.5 million, a deferred consideration of £1 million and a further performance related consideration of £1.8 million. The Company operates both The Golf Channel and The Golf TV Pro-Shop Channel. We intend to re-brand the Golf TV Pro-Shop Channel to "JJB Sports TV" and to expand the product range offered on the Channel to a wider range of golf and keep-fit products. The results of Golf TV have been consolidated within our Group accounts; revenue since the date of acquisition has been £1.28 million and the operating loss is £220,000.

The acquisition of Golf TV, has extended our multi-channel offering from the retail stores and our transactional website (www.jjbsports.com); revenue from the website for the 26 weeks to 30 July 2006, has already achieved the revenue level of a large, successful superstore.

Our Professional Teamwear Division has been expanded following the acquisition in June 2006 of the licensing agreement with Glasgow Rangers Football Club; we now licence replica products for Wigan Athletic, Wigan Warriors, Leeds Rhinos, Northern Ireland Football Association, Everton, Leicester City and Glasgow Rangers.

In our AGM Trading Statement of 27 July 2006, we announced our intention to close our chain of small high street stores which traded under the "Icon" fascia. These stores had not performed particularly well but were a means of generating some income from former JJB stores in preference to trying to market the lease of the property concerned. A total of 20 of these stores have been closed since 30 July 2006 and it is planned to re-badge the remaining 2 stores during the next few weeks. We have already had some success in divesting ourselves of some of the leases. Provisions totalling £1.28 million have been created in the Consolidated income statement for the 26 weeks to 30 July 2006 in respect of anticipated losses on stocks, fixtures and the ongoing rentals of these stores.

JJB Stores and store development

During the 26 weeks to 30 July 2006, we have opened 5 combined health clubs/superstores, together with 6 other stores, most of which have been football club stores either taken over from Glasgow Rangers and Everton, or smaller high street stores that we have re-opened as football club stores. In the same period, we closed 10 stores, 3 of which were as a result of the relocation of newly opened combined units. At 30 July 2006, we operated from a total of 439 stores, including our combined health clubs/superstores, comprising selling space of 4.407 million square feet. This compares to a total of 438 stores and 4.398 million square feet of selling space at 29 January 2006.

We plan to open a further 7 combined health clubs/superstores in the second half of the current accounting period and plans are already well advanced for the openings of these units in the next accounting period with 12 combined units already identified and being in various stages of negotiations.

Leisure Division

With the opening of 5 combined health clubs/superstores during the 26 weeks to 30 July 2006, we traded from 37 units at that date; these units included 6 sites which also operate indoor soccer centres.

The total number of members of the 37 health clubs at 30 July 2006 was 156,200 which compares to 136,800 members from the 32 clubs operated at 29 January 2006 and 116,300 members operated from 28 clubs at 31 July 2005. The increase in the number of members in clubs open for over 52 weeks at 30 July 2006 was 9.9 per cent.. No increase has been applied to membership rates of existing clubs during the last 2 years and this, together with the already low membership rates and first class facilities, has contributed towards the very strong value-for-money offer being made by our clubs.

The operating profit of the Leisure Division for the 26 weeks to 30 July 2006, before any allocation for head office/distribution centre costs, has increased by 37 per cent to £10.37 million from £7.56 million and after deducting these costs, by 28 per cent to £6.83 million from £5.34 million. With newly opened operating units rarely contributing to profits in their first full year of trading, the rise in operating profits has resulted from the increasing maturity of operating units which have been in operation for over 52 weeks. The full benefit of increasing the number of openings is never achieved until the units have been opened for at least 12 months.

The continuing success of the concept of combined health clubs/superstores has led to our decision to open at least as many new units next year as the 12 that we plan to open in the current year.

Office of Fair Trading

An appeal made by the Company to the independent Competition Appeal Tribunal (CAT) against the decision of the Office of Fair Trading (OFT) regarding the price-fixing of certain replica kit products, had resulted in a reduction in the amount of the penalty of £8.4 million to £6.7 million.

We were disappointed with the CAT's judgement on liability and the consequent amount of the reduction in the penalty and applied for permission to appeal to the Court of Appeal against those aspects that it was possible to appeal. On the basis of legal advice regarding the appeal to the Court of Appeal, we decided to make a provision against the penalty of £2 million in our accounts for the 53 weeks ended 30 January 2005. Acknowledging the specific grounds on which we were to appeal and the inherent uncertainty of the appeal process, we decided, on the basis of further legal advice, to increase our provision against the penalty to £3.88 million in the Consolidated income statement for the 52 weeks to 29 January 2006.

We were duly granted leave to appeal to the Court of Appeal and the hearing was held in May 2006. The decision of the Court of Appeal will be handed down on 19 October 2006.

Current trading

The second half of the current accounting period has started satisfactorily with revenue for the 11 weeks to 15 October increasing by 8.8 per cent, compared to the same period last year and including an increase in like-for-like revenue also of 8.8 per cent. The gross margin for the Group during this period was slightly higher than that achieved in the same period last year.

Increases in revenue were achieved in all of the retail store product categories including a strong performance from the launch of new replica kits by several major Premiership Clubs. Significant increases in revenue are also being achieved from the health clubs.

These latest trading results give me confidence for a satisfactory outcome to the current accounting period although there is no doubt that the sports sector of the retail market remains at least as competitive as any other sector. As in every year, the results will depend to a certain extent upon the success of our Christmas trading period and considerable effort is currently being spent on ensuring that we have a strong range of branded products available for our customers supported by competitively priced own-brand products.

As regards the next accounting period, the high levels of revenue achieved during the World Cup in 2006 create very difficult comparatives for what will be a non-competition year for International football tournaments. It will be impossible to match these comparatives during May and June 2007 but I believe that much of this will be offset by the continuing increasing profitability of our Leisure Division, as more combined units become mature and contribute to profits, and by results which will follow from the differentiation of our product ranges from those of our competitors.

T W Knight
Chief Executive
18 October 2006

**Unaudited consolidated income statement
for the 26 weeks to 30 July 2006**

	26 weeks to 30 July 2006 £'000	26 weeks to 31 July 2005 £'000	52 weeks to 29 January 2006 £'000
Continuing operations			
Revenue	381,644	340,395	745,238
Cost of sales	(198,332)	(171,880)	(393,075)
Gross profit	183,312	168,515	352,163
Other operating income	2,674	1,668	3,177
Distribution expenses	(11,624)	(10,936)	(21,722)
Administration expenses	(14,463)	(14,850)	(30,705)
Selling expenses	(141,492)	(126,775)	(268,564)
Operating profit	18,407	17,622	34,349
Operating profit is stated after (charging) crediting			
Creation of provision relating to legal penalty	-	(1,300)	(1,882)
Net (loss) gain on disposal of property, plant and equipment	(397)	1,606	2,917
Creation of provisions relating to closure of Icon stores	(1,280)	-	-
	(1,677)	306	1,035
Finance income	4,502	5,041	8,896
Finance costs	(4,744)	(4,580)	(9,498)
Profit before taxation	18,165	18,083	33,747
Taxation	(5,360)	(1,465)	(3,510)
Profit after taxation for the period attributable to equity holders of the parent	12,805	16,618	30,237
Basic earnings per share - Pence	5.55	7.20	13.10
Diluted earnings per share - Pence	5.55	7.20	13.10

**Unaudited consolidated statement of recognised income and expense
for the 26 weeks to 30 July 2006**

	26 weeks to 30 July 2006	26 weeks to 31 July 2005	52 weeks to 29 January 2006
	£'000	£'000	£'000
Exchange differences on translation of foreign operations	(15)	74	45
Net (expense) income recognised directly in equity	(15)	74	45
Profit after taxation for the period	12,805	16,618	30,237
Recognised income and expense for the period	12,790	16,692	30,282

**Unaudited reconciliation of movements in equity
for the 26 weeks to 30 July 2006**

	Total equity £'000
At 29 January 2006	364,593
Recognised income and expense for the period	12,790
Final dividend for the 52 weeks to 29 January 2006	(16,154)
At 30 July 2006	361,229

**Unaudited consolidated balance sheet
as at 30 July 2006**

	As at 30 July 2006 £'000	As at 31 July 2005 £'000	As at 29 January 2006 £'000
Non-current assets			
Goodwill	189,558	186,114	186,084
Other intangible assets	28,236	10,214	10,191
Property, plant and equipment	192,632	186,350	189,222
	410,426	382,678	385,497
Current assets			
Inventories	149,828	155,586	120,266
Trade and other receivables	50,801	50,311	38,738
Current asset investment	168,117	168,117	168,117
Cash and cash equivalents	31,244	13,720	34,860
	399,990	387,734	361,981
Total assets	810,416	770,412	747,478
Current liabilities			
Trade and other payables	(139,083)	(139,025)	(81,530)
Tax liabilities	(12,150)	(4,702)	(13,678)
Bank loan and loan notes	(168,117)	(168,117)	(168,117)
Short-term provisions	(7,784)	(3,300)	(7,330)
	(327,134)	(315,144)	(270,655)
Net current assets	72,856	72,590	91,326
Non-current liabilities			
Bank loans	(62,791)	(49,860)	(59,885)
Deferred tax liabilities	(20,933)	(17,182)	(19,785)
Deferred lease incentives	(38,329)	(30,300)	(32,560)
	(122,053)	(97,342)	(112,230)
Total liabilities	(449,187)	(412,486)	(382,885)
Net assets	361,229	357,926	364,593
Equity			
Share capital	11,538	11,538	11,538
Share premium account	157,219	157,219	157,219
Capital redemption reserve	1,069	1,069	1,069
Foreign currency translation reserve	9	53	24
Retained earnings	191,394	188,047	194,743
Equity attributable to equity holders of the parent	361,229	357,926	364,593

**Unaudited consolidated cash flow statement
for the 26 weeks to 30 July 2006**

	26 weeks to 30 July 2006	26 weeks to 31 July 2005 Restated	52 weeks to 29 January 2006 Restated
	£'000	£'000	£'000
Net cash inflow from operating activities (note 6)	26,214	13,294	43,976
Cash flows from investing activities			
Interest received	4,502	5,041	8,896
Purchase of subsidiary	(805)	-	-
Proceeds on disposal of property, plant and equipment	1,725	3,340	7,981
Purchase of intangible assets	(18,357)	(10,214)	(10,224)
Purchase of property, plant and equipment	(15,047)	(31,193)	(47,443)
Net cash flow used in investing activities	(27,982)	(33,026)	(40,790)
Cash flows from financing activities			
Interest paid	(4,838)	(4,520)	(9,413)
Dividends	-	(16,154)	(23,077)
Net proceeds from bank loan	3,000	49,850	59,850
Repayment of bank loan	-	(25,000)	(25,000)
Net cash (outflow) inflow from financing activities	(1,838)	4,176	2,360
Net (decrease) increase in cash and cash equivalents	(3,606)	(15,556)	5,546
Cash and cash equivalents at beginning of period	34,860	29,323	29,323
Effect of foreign exchange rate changes	(10)	(47)	(9)
Cash and cash equivalents at end of period	31,244	13,720	34,860

Note

The Directors consider that the reclassification of Interest paid from “Cash flows from investing activities” to “Cash flows from financing activities” to be more appropriate given the nature of the cash flow item.

Notes to the Interim financial statements for the 26 weeks to 30 July 2006

1. Basis of preparation

The Group's Interim results for the 26 weeks to 30 July 2006 were approved by the Board of Directors on 17 October 2006.

The accounting policies adopted in the preparation of these Interim financial statements are consistent with those set out in the Group's Annual financial statements for the 52 weeks to 29 January 2006.

The Interim financial statements are unaudited and do not constitute full statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The interim financial report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and in accordance with those disclosed in the annual report for the 52 weeks to 29 January 2006, published by the company on 13 June 2006. Copies of this report and the last Annual Report and Accounts are available from the Secretary, JJB Sports plc, Challenge Way, Martland Park, Wigan, WN5 0LD and can each be downloaded or viewed via the Group's website, www.jjbcorporate.co.uk.

The Interim financial statements have been reviewed by the Auditors and their report to the Directors is set out on page 16.

The financial information in respect of the 52 weeks to 29 January 2006 has been produced using extracts from the statutory accounts prepared under IFRS. The statutory accounts for this period have been filed with the Registrar of Companies. The Auditor's report on these accounts was unqualified and did not contain a statement under sections 237 (2) and (3) of the Companies Act 1985.

2. Segmental information

Segmental revenue and profit before taxation by business activity were as follows:

	26 weeks to 30 July 2006 £'000	26 weeks to 31 July 2005 £'000	52 weeks to 29 January 2006 £'000
Revenue			
JJB Retail stores	323,481	300,801	656,086
Leisure Division (including associated retail stores)	58,163	39,594	89,152
Total revenue	381,644	340,395	745,238
Operating profit			
JJB Retail stores	11,576	12,283	23,241
Leisure Division (including associated retail stores)	6,831	5,339	11,108
Total operating profit	18,407	17,622	34,349
Finance costs less finance income	(242)	461	(602)
Profit before taxation	18,165	18,083	33,747

Notes to the Interim financial statements for the 26 weeks to 30 July 2006 (continued)

3. Taxation

The net taxation charge shown in the Consolidated income statement for the 26 weeks to 30 July 2006 has been based on the anticipated effective taxation rate for the 52 weeks to 28 January 2007 of 30 per cent (2006: 30 per cent).

	26 weeks to 30 July 2006 £'000	26 weeks to 31 July 2005 £'000	52 weeks to 29 January 2006 £'000
Current tax:			
UK corporation tax	4,091	3,624	5,649
Foreign tax	121	36	57
Prior year adjustment	-	(88)	(2,692)
	<u>4,212</u>	<u>3,572</u>	<u>3,014</u>
Deferred tax:			
Current period	1,148	2,410	5,131
Prior year adjustment	-	(4,517)	(4,635)
	<u>1,148</u>	<u>(2,107)</u>	<u>496</u>
Taxation charge	<u><u>5,360</u></u>	<u><u>1,465</u></u>	<u><u>3,510</u></u>

The prior year adjustments to current tax in the comparative periods arose as a result of the finalisation of a number of years corporation tax liabilities with the Inland Revenue. Following the agreement of these corporation tax liabilities, the deferred tax liability arising on the difference between the net book value of property, plant and equipment and their tax written down value, was recalculated and the provision reduced.

4. Dividends

A dividend of 3.0p net per ordinary share will be paid on 5 January 2007 to shareholders whose names appear on the share register at 8 December 2006. The shares will trade ex-dividend from 6 December 2006. In accordance with IFRS accounting policies, the dividend has not been included in the balance sheet as a liability at 30 July 2006.

For the 52 weeks to 29 January 2006, an interim dividend of £6,923,000, representing 3.0p net per ordinary share was paid on 6 January 2006 and a final dividend of £16,154,000 representing 7.0p net per ordinary share was approved at the Company's Annual General Meeting on 27 July 2006; a scrip dividend alternative was offered to the shareholders. The final dividend was paid on 9 August 2006, £7,043,000 being paid in cash and £9,111,000 in the form of a scrip issue of ordinary shares. This final dividend has been included in the Balance sheet as a liability at 30 July 2006.

5. Earnings per share

The calculation of earnings per ordinary share is based upon the profit for the period attributable to equity holders of the parent of £12,805,000 (2005: £16,618,000) and 230.77 million ordinary shares, (2005: 230.77 million shares), being the weighted average number of shares in issue during the period.

Diluted earnings per share is based upon the profit for the period attributable to equity holders of the parent of £12,805,000 (2005: £16,618,000) and 230.81 million ordinary shares, (2005: 230.86 million) being the weighted average number of shares in issue during the period, used in the calculation of earnings per share shown above, increased by the dilutive effect of ordinary shares issuable pursuant to options granted under employee share option schemes of 40,000 shares (2005: 90,000 shares).

Notes to the Interim financial statements for the 26 weeks to 30 July 2006 (continued)

6. Reconciliation of operating profit to net cash inflow from operating activities

	26 weeks to 30 July 2006 £'000	26 weeks to 31 July 2005 £'000	52 weeks to 29 January 2006 £'000
Operating profit from continuing operations	18,407	17,622	34,349
Depreciation and impairment of property, plant and equipment	9,511	8,406	18,387
Amortisation of intangible assets	312	-	33
Loss (gain) on disposal of property, plant and equipment	397	(1,606)	(2,917)
Loss on disposal of goodwill	-	-	30
Increase in provisions	454	1,300	2,361
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Operating cashflows before movements in working capital	29,081	25,722	52,243
Increase in inventories	(29,562)	(42,867)	(7,547)
Increase in trade and other receivables	(12,063)	(14,519)	(2,946)
Increase in trade and other payables	37,915	53,194	11,853
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Cash generated by operations	25,371	21,530	53,603
Taxation received (paid)	843	(8,236)	(9,627)
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Net cash inflow from operating activities	26,214	13,294	43,976

7. Bank overdrafts and loans

In June 2005, JJB's existing £100 million committed revolving bank credit facility expired. This was replaced with a new 5 year £60 million revolving bank credit facility which commenced in June 2005. In June 2006, a Term loan of £18 million was obtained in order to finance the acquisition of the Glasgow Rangers FC licensing agreement.

8. Analysis of net debt as at 30 July 2006

	As at 29 January 2006 £'000	Cash Flow £'000	Other non- cash items £'000	As at 30 July 2006 £'000
Current asset investment	168,117	-	-	168,117
Cash and cash equivalents	34,860	(3,606)	(10)	31,244
	<hr/>	<hr/>	<hr/>	<hr/>
	202,977	(3,606)	(10)	199,361
Current liabilities -				
Loan notes	(168,117)	-	-	(168,117)
Non-current liability -				
Bank loan	(59,885)	(3,000)	94	(62,791)
	<hr/>	<hr/>	<hr/>	<hr/>
	(25,025)	(6,606)	84	(31,547)

Notes to the Interim financial statements for the 26 weeks to 30 July 2006 (continued)

9. Office of Fair Trading penalty

In August 2003, the Office of Fair Trading (OFT) adjudicated JJB to be guilty of price-fixing of certain replica kit products over a two year period during 2000 and 2001 and levied a penalty of £8.4 million. JJB appealed to the Competition Appeal Tribunal (CAT) against the OFT's decision on liability and against the level of the penalty itself. The result of the appeal against the decision of the OFT on liability, although given mainly in favour of the OFT, included some elements that were found in JJB's favour. The decision of the CAT in the appeal against the level of the penalty which was announced in May 2005 was to reduce the penalty to £6.7 million. Acknowledging this decision, JJB had made a provision of £2 million in respect of the penalty in the accounting period to 30 January 2005.

JJB was disappointed in parts of the CAT's judgement on liability and the consequent amount of the reduction in its penalty. In consultation with its legal advisers, JJB determined the specific grounds on which it wished to appeal to a higher court. On the basis of further legal advice regarding the appeal to the Court of Appeal, acknowledging the specific grounds on which the appeal was to be heard together with the inherent uncertainty of the appeal process, JJB increased its provision against the penalty from £2 million to £3.88 million in its Consolidated income statement for the 52 weeks to 29 January 2006.

After being granted permission to appeal to the Court of Appeal, the appeal was duly heard in May 2006. The decision of the Court of Appeal will be handed down on 19 October 2006.

10. 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.

During the 26 weeks to 30 July 2006, JJB Sports entered into the following transactions with related parties who are not members of the Group:

	<u>Income</u>			<u>Expenditure</u>		
	26 weeks to 30 July 2006 £'000	26 weeks to 31 July 2005 £'000	52 weeks to 29 January 2006 £'000	26 weeks to 30 July 2006 £'000	26 weeks to 31 July 2005 £'000	52 weeks to 29 January 2006 £'000
Whelco Holdings Limited	142	67	163	511	365	968
Executive Director's family trust	-	-	-	75	75	150
E-View Properties Limited	504	-	-	-	-	-

	<u>Amounts owed by related parties</u>			<u>Amounts owed to related parties</u>		
	26 weeks to 30 July 2006 £'000	26 weeks to 31 July 2005 £'000	52 weeks to 29 January 2006 £'000	26 weeks to 30 July 2006 £'000	26 weeks to 31 July 2005 £'000	52 weeks to 29 January 2006 £'000
Whelco Holdings Limited	140	49	101	11	65	24

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

Notes to the Interim financial statements for the 26 weeks to 30 July 2006 (continued)

10. Related party transactions (continued)

The Group incurred expenditure in its capacity as sponsors of 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 at which it had operated 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 one of JJB's Executive Directors, 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 has sold 3 acres of a 10 acre site adjacent to its head office and distribution centre, to E-View Properties Ltd, a company owned by members of the family of an Executive Director of JJB. The sale price was based upon an external valuation of £504,000 and resulted in a profit on disposal of £82,000 which has been credited to the Consolidated income statement for the 26 weeks to 30 July 2006.

11. Event since the balance sheet date

On 17 October 2006, the Directors approved the payment of an interim dividend of 3.0 pence per share (2005: 3.0 pence per share). This has not been included as a liability in the Consolidated balance sheet as at 30 July 2006. The dividend will be paid on 5 January 2007 to shareholders on the register at 8 December 2006. The shares will trade ex-dividend from 6 December 2006.

INDEPENDENT REVIEW REPORT TO JJB SPORTS PLC

Introduction

We have been instructed by the Company to review the financial information for the 26 weeks to 30 July 2006 which comprises the Income statement, the Statement of recognised income and expense, the Reconciliation of movements in equity, the Balance sheet, the Cash flow statement and related Notes 1 to 11. We have read the other information contained in the Interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks to 30 July 2006.

Deloitte & Touche LLP

Chartered Accountants

Manchester

18 October 2006