

Embargoed until 7.00am

JJB Sports plc

Preliminary Results For The 53 Weeks Ended 30 January 2005

JJB Sports plc (“JJB”), the UK’s largest sports retailer, announces its preliminary unaudited results for the 53 weeks ended 30 January 2005.

Significant matters:

| | Core JJB (1) | | | Group (2) | | |
|-----------------------------|--------------|----------|--------|-------------|----------|--------|
| | 2004/5 | 2003/4 | Change | 2004/5 | 2003/4 | Change |
| Turnover | £773.3 m | £771.8 m | +0.2% | £773.3 m | £929.8 m | -16.8% |
| Gross margin | 48.0% | 48.7% | | 48.0% | 45.7% | |
| Underlying operating profit | £63.3 m (3) | £88.0 m | -28.0% | £63.3 m (3) | £90.5 m | -30.0% |
| Reported operating profit | £50.3 m | £69.1 m | -27.2% | £50.3 m | £71.3 m | -29.4% |
| Underlying headline EPS | | | | 20.12 p (3) | 26.99 p | -25.5% |
| Total dividends per share | | | | 10.00 p | 10.00 p | - |

- Total turnover within the core JJB business, comparing two 52 week periods was 1.1 per cent lower, including a reduction in like for like turnover of 1.2 per cent.
- Gross margin fell by 70 basis points from 48.7 per cent to 48.0 per cent (comparing the 53 weeks ended 30 January 2005 with the 52 weeks ended 25 January 2004), affected by discounted promotions of excess clothing stocks.
- Underlying operating profit within the core JJB business fell by 28.0 per cent to £63.3 million from £88.0 million.
- Operating profit in the stand alone JJB retail stores fell to £103.6 million (before a share of head office and distribution centre costs). The successful reduction of excess clothing ranges resulted in a decrease in stock levels of 12.0 per cent to £112.7 million from £128.1 million at 25 January 2004, and policy changes made to limit range fragmentation give the Board confidence of a better performance from its clothing offer during the current accounting period.
- Continued expansion in the Leisure Division resulted in an increase in operating profits within that division (before a share of head office and distribution centre costs) of 17.1 per cent to £10.6 million.
- Major uplift in the opening programme for combined health clubs/superstores during 2005 – 18 units proposed to be opened, taking the number of units planned to be in operation at 29 January 2006 to 39. Membership of the 24 clubs now in operation has almost reached 100,000.
- Strong cash flow resulted in a net funds position of £4.4 million at 30 January 2005, compared to a net debt of £3.6 million at 25 January 2004 and after the return of £20.8 million to shareholders in a Tender Offer in February 2004.
- Proposed final dividend maintained at 7 pence net per ordinary share, giving a dividend of 10 pence per ordinary share for the full accounting period.
- Current trading conditions continue to be challenging with total turnover within the core JJB business for the 10 weeks ended 10 April 2005 1.3 per cent lower than the comparative period last year, including a like for like decrease of 1.2 per cent. The gross margin achieved in this period was marginally higher than that earned in the comparative period.

Notes (1) Core JJB results include the stand alone retail stores and the Leisure Division.

(2) Group results include in the comparative figures, the core JJB results plus those of TJ Hughes which was sold in November 2003.

(3) The figures are stated before goodwill amortisation of £13.0 m and exceptional operating items (see note 2 on page 14)

Commenting today, David Whelan, Chairman, said: -

“Trading conditions are as difficult as any I have known for some years. It is quite clear that consumers have tightened their belt and that this is fuelling competition between retailers. I believe that trading conditions will remain difficult throughout the current accounting period. Over the last nine months we have taken certain measures that will keep us competitive in the present environment. At some cost to margin, we have successfully reduced our clothing stock by over £20m. We have also re-established ourselves as sporting goods and sports clothing retailers – what I class as back to basics.

The profit from our Leisure division continues to grow and we plan to open 18 combined health clubs/superstores in the current accounting period. I am hoping that by Wednesday 13th April we will have hit our milestone of 100,000 members. By this time next year we are forecasting that we will have 175,000 members and our long term goal is 1,000,000 members nationwide.

Despite the reduced level of profit during the accounting period just ended, we continue to benefit from a very strong cash flow which supports the platform for the expansion of our Leisure Division and also of our stand alone superstores. Dividend levels have also been maintained as an ongoing commitment to our shareholders.”

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

Results

JJB announces its unaudited results for the 53 weeks ended 30 January 2005.

Operating results

The operating results for the 53 weeks ended 30 January 2005 together with those for the 52 weeks ended 25 January 2004 are analysed as follows:-

| | <u>Turnover</u> | | <u>Operating profit (1)</u> | |
|--|------------------------|---------------------|------------------------------------|---------------------|
| | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> |
| | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> | <u>£'000</u> |
| <u>Continuing operations</u> | | | | |
| Core JJB | | | | |
| JJB retail stores | 710,647 | 727,377 | 103,614 | 122,037 |
| Leisure Division | 62,692 | 44,395 | 10,623 | 9,075 |
| | <u>773,339</u> | <u>771,772</u> | <u>114,237</u> | <u>131,112</u> |
| Head office / Distribution centre costs | | | (50,909) | (43,134) |
| | | | <u>63,328</u> | <u>87,978</u> |
| <u>Discontinued operations</u> | | | | |
| T J Hughes | - | 158,040 | - | 2,523 |
| | <u>773,339</u> | <u>929,812</u> | <u>63,328</u> | <u>90,501</u> |

(1) Operating profit is stated before goodwill amortisation and exceptional operating items (see Profit and loss account on page 8).

All the comparative figures referred to in this section of the Preliminary results exclude the results of the T J Hughes business, which was sold in November 2003.

Total turnover for the accounting period, within the core JJB business, increased marginally by 0.2 per cent to £773.3 million from £771.8 million. However, the figures for the accounting period just ended benefit from an extra weeks trading and on a 52 week comparison total turnover fell by 1.1 per cent. This latter figure includes a like-for-like decrease in the turnover of locations which have been trading for over 52 weeks, of 1.2 per cent.

A total increase in turnover of 41 per cent was achieved within the Leisure Division as the expansion of this Division continued and with the success of the value-for-money offering within the health clubs. This was offset by an adverse performance from JJB's clothing products where the relatively poor Summer weather, fragmented ranges and increased competition affected the level of turnover achieved in the retail store chain.

The clearance of excess clothing ranges and fragmented stock was made through a discounted promotional policy, the resulting impact of which has contributed to a decrease in gross margin from 48.7 per cent to 48.0 per cent. The fall in gross margin from this policy was partly offset by the increase in health club turnover at a near 95 per cent gross margin

Operating expenses before goodwill amortisation and exceptional operating items increased by 6.9 per cent to £308.0 million from £288.1 million, an increase of £19.9 million. This increase is partly accounted for by £5.8 million relating to the additional weeks trading in the accounting period just ended, and partly by an increase of £11.4 million from the number of operating locations within the Leisure Division compared to the previous accounting period.

The impact of a fall in gross profit of £4.8 million and the increase in operating expenses of £19.9 million resulted in operating profit before goodwill amortisation and exceptional operating items falling by 28.0 per cent from £88.0 million to £63.3 million.

Interest, taxation and dividend

Net interest receivable by the Group of £0.3 million compares to £2.6 million net interest payable in the comparative accounting period, indicative of the continuing strong cash flow.

The effective rate of taxation on the profits of the Group before goodwill amortisation and the loss on disposal of a subsidiary undertaking amounted to 27.0 per cent (after crediting a prior year adjustment for deferred taxation which effectively reduced the rate from 30.1 per cent). This compares to a rate of 27.4 per cent in the comparative period last year (after crediting a prior year adjustment which effectively reduced the rate from 29.2 per cent).

Underlying headline earnings per share for the Group, stated before goodwill amortisation, exceptional operating items and the loss on disposal of a subsidiary undertaking, fell by 25.5 per cent to 20.12 pence per ordinary share from 26.99 pence per ordinary share in the previous accounting period. Earnings per ordinary share for the Group, as defined on page 16, also fell by 25.5 per cent.

Despite the reduction in underlying headline earnings per ordinary share, the Board has proposed a final dividend of 7 pence net per ordinary share, payable on 18 July 2005 to shareholders recorded on the share register on 10 June 2005. This dividend, together with the interim dividend of 3 pence per share already paid, gives a total for the accounting period just ended of 10 pence which is identical to the total dividend per share paid in the comparative period.

Dividend cover based on underlying headline earnings per ordinary share for the accounting period just ended is 2.0 times and the yield, based on the share price of 208 pence at 28 January 2005, is 4.8 per cent.

Balance Sheet

Capital expenditure for the 53 weeks ended 30 January 2005 within the core JJB business was £43.0 million, compared to £30.5 million in the comparative period. The total expenditure of £43.0 million includes £16.9 million on newly opened stores and health clubs, a further £11.2 million on stores and health clubs to open after 30 January 2005, £7.7 million on existing stores and £3.2 million on new computer equipment and EPOS tills. The capital expenditure on existing stores includes £3.5 million incurred on refitted and refreshed stores; the net book value of tangible fixed assets which have been scrapped in these stores amounted to £1.6 million and has been written off in operating expenses.

Stock levels have reduced by 12.0 per cent to £112.7 million at 30 January 2005 compared to £128.1 million at 25 January 2004 as a result of the successful clearance of excess clothing stocks.

Partly as a result of the reduction in the level of stock, the net cash inflow from operating activities improved by £26.3 million to £104.0 million. Net funds at 30 January 2005 amounted to £4.4 million compared to a net debt of £3.6 million at 25 January 2004; a Tender Offer resulted in the acquisition and cancellation of shares by the Company at a cost of £20.8 million in February 2004.

Operational Review

Product and Brand Development

The following table shows the percentage of JJB retail store turnover for each product category:

| | 53 weeks ended 30 January 2005 | 52 weeks ended 25 January 2004 |
|---------------------------|---|---|
| | % | % |
| Clothing | 35 | 39 |
| Footwear | 33 | 32 |
| Equipment and accessories | 14 | 12 |
| Replica kit | 12 | 11 |
| Golf and cycles | 6 | 6 |
| | — | — |
| | 100 | 100 |
| | ==== | ==== |

Product performance from all categories, except clothing, remains resilient. The high level of replica kit turnover achieved during the Euro 2004 tournament adversely affected sales of some clothing products; the relatively poor summer weather and a fragmented clothing offer also contributed to the fall in turnover of JJB's clothing products. JJB has instituted a number of policy changes which it believes will improve the clothing offer in its Spring/Summer 2005 ranges. These changes are explained more fully on page 7.

High street competition, particularly within the clothing sector, continues to be strong and also had a material impact on JJB's results. JJB's gross margin on its clothing products was affected by the discounted promotional policy which sold off a large part of the excess clothing stocks and consequently, considerably reduced the level of clothing stocks at 30 January 2005.

JJB has an authoritative range of footwear, equipment, replica kit and golf products, and the trading performance of these ranges has been satisfactory throughout the accounting period.

JJB's product strategy continues to be focused upon its offering of branded products from its principal suppliers of Nike and Adidas, supplemented by products at lower price points designed and sourced by its own staff and marketed under JJB's exclusive brands of Patrick, Olympus, Lotto and Slazenger. This strategy provides JJB's customers with a variety of choice over a range of premium and value-for-money price points. In addition, JJB's close relationship with its principal suppliers is enabling it to obtain a range of exclusive products, thereby enabling JJB to differentiate its offerings from other retailers.

JJB has recently signed an irrevocable 999 year licence with Slazengers Limited for £10 million for the exclusive right to design, source and sell Slazenger-branded golf clubs, balls, clothing, footwear and accessories in the European Economic Area. This licence replaces a previous royalty agreement between the two companies. This agreement should ensure unrestricted product development, enhanced gross margin and income generation.

JJB has further strengthened its golf-branded offering by entering into a royalty agreement to exclusively design, source and sell "Maxfli" golf clubs, clothing, footwear and accessories in the UK and Eire.

JJB's Professional Teamwear division has recently signed a three year contract with Leicester City Football Club to supply and distribute team kits, training wear and retail merchandise from May 2005. This will be the first kit that will carry "JJB" as the kit manufacturers brand. This is in addition to two other kit contracts which started during 2004 - those of Everton FC and the Northern Ireland Football Association.

JJB Stores and store development

In order to maximise store profitability, JJB continues to pursue a policy of migrating from smaller high street stores to both high street superstores and out of town superstores where a more complete range of clothing, footwear and equipment can be displayed. With the 5 year rent reviews on out-of-town sites regularly exceeding the rate of inflation, most of these stores that JJB will open in the future are intended to be of the combined health club/superstore format where, by negotiation with the landlord, a cap is placed on all future rent reviews.

During the 53 weeks ended 30 January 2005, JJB opened 15 superstores (5 of which were of the combined health club/superstore format) and opened 8 stores as "Icon" stores. During this period, JJB closed 33, mainly smaller stores.

At 30 January 2005, JJB operated from 438 stores comprising 189 out of town superstores, 102 high street superstores, 123 smaller high street stores, 4 small golf stores and 20 icon stores. The selling space totalled approximately 4,234,000 square feet, an increase of 1.2 per cent compared to the selling space in operation at 25 January 2004. Included in these superstore numbers are 21 units which are combined health club/superstores. This compares to 448 stores in operation at 25 January 2004, comprising 191 out of town superstores, 92 high street superstores, 147 smaller high street stores, 5 small golf stores and 13 icon stores, representing 4,184,000 square feet of selling space.

JJB's icon format continues to use small high street stores which have been closed by JJB when a new superstore location has been opened nearby. They retail a range of mens fashion brands which are not sold within JJB's stores. The growth in this format will continue as JJB gradually relocates from small high street stores to high street superstores.

JJB has continued its policy of carrying out complete refits or "refreshers" to some of its older sites. "Refreshers" include new flooring, improved illumination and a re-paint. A total of 15 stores have been refitted during the accounting period just ended, together with 11 stores being "refreshed". The total capital expenditure on these sites has been £3.5 million and the net book value of assets which have been scrapped, amounting to £1.6 million, has been charged to operating expenses. Trading results from the newly-refitted and refreshed stores is satisfactory; the average increase in turnover has been 9 per cent.

JJB plans to step up this policy in the current accounting period with 31 sites identified for refits. These sites include 12 out of town superstores which will have mezzanine floors of approximately 8,000 square feet installed in the building.

The number of retail stores opened by JJB in the last 4 years plus those stores which have been or will be refitted or refreshed up to January 2006, represents 46 per cent of the total stores in operation at 30 January 2005.

JJB's plans for store openings in the current accounting period are well advanced, with 33 stores planned for opening including 18 combined health club/superstores and 15 stand alone superstores. Two of the health club/superstore sites will also include an indoor soccer centre. Contracts have already been exchanged on 25 of these sites with the remainder close to final approval. In the 10 weeks to 10 April 2005, JJB has opened 4 standalone stores, 3 combined health club/superstores and closed 8 other stores.

JJB has already identified openings for the following accounting period of a further 11 stores, including 6 combined health club/superstores (one of which incorporates an indoor soccer centre) and 5 standalone stores; contracts for 8 of these sites have already been exchanged.

JJB has for some time considered trading its products on the Internet but believed that format to be inappropriate at that time. However, the success of this market over the last 12 months has encouraged JJB to seek an agreement with Zendor, the leading distance-shopping fulfilment specialist in the UK, to launch a JJB e-commerce web site. This web site will offer a

range of JJB's products and fulfilment will largely be direct through Zendor, except for certain large items which will be dispatched direct from the supplier.

Leisure Division

During the 53 weeks ended 30 January 2005, JJB's Leisure Division opened 5 new sites, all of which comprised a health club and a superstore and in addition, one site included an indoor soccer centre. At 30 January 2005, the Leisure Division traded from 21 combined health clubs/superstores, 4 of which included indoor soccer centres.

At 30 January 2005, the 21 health clubs had a combined membership of 88,400, compared to 67,300 members at 30 January 2004 from the 16 health clubs open at that date. Of the 16 clubs which were open at 30 January 2004, membership has increased by 7.0% from 67,300 at that date to 72,000 as at 30 January 2005.

The unique concept of a superstore being located on a mezzanine floor above a health club site has the key attraction of rent for both income streams only being paid on the footprint. The success of the concept lies also in the attractiveness to members of providing a well-equipped gym, swimming pool, health spa, steam room, aerobic studios and bar area at very competitive value-for-money membership fees; this offering attracts large numbers of members and thereby contributes to the success of the concept. Of the 21 health clubs trading at 30 January 2005, 16 are of this concept.

Operating results continue to be encouraging with turnover of the Leisure Division, including stores, up by 41% to £62.7 million from £44.4 million in the comparative period. Operating profits (before a share of head office and distribution centre costs) increased to £10.6 million from £9.1 million in 2004. The combined units reach satisfactory profitability within 12 months of opening; the average operating profit (before a share of head office and distribution centre costs) of the 11 combined units which had been open for over 1 year, was £768,000 and the average capital expenditure of these units was £2.5 million.

The availability of sites throughout the UK and the profitability of the combined unit concept gives JJB confidence in its potential for growth. Openings planned for the current year total 18 of which 3 have already opened. It is JJB's intention to continue its health club/superstore roll-out programme as a key part of future strategy.

Office of Fair Trading

In August 2003, the Office of Fair Trading (OFT) pronounced JJB 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 lodged an appeal to the independent Competition Appeal Tribunal (CAT) against both the decision of the OFT and against the level of the penalty. The appeal against the decision of the OFT was held in March 2004 and the result announced in October 2004. The CAT disallowed JJB's appeal against price fixing on two of the allegations made against it by the OFT, disallowed part of another allegation but allowed JJB's appeal on a fourth allegation.

In January 2005, the appeal against the level of the penalty was heard by the CAT and their decision has not yet been handed down. Up until the publication of its Interim results for the 26 weeks ended 25 July 2004, JJB had not previously made any provision in its accounts in respect of the penalty on the grounds that it did not consider that it had breached any part of the Competition Act. However, in view of the decision of the CAT which was announced in October 2004, JJB believed, on the basis of legal advice, that it was then appropriate to make a provision in its accounts of £2 million in respect of a penalty.

The decision of the CAT on JJB's appeal against the level of the penalty will be known only when judgement is handed down. Nevertheless, taking into account the fact that it will still be open for JJB to appeal to the Court of Appeal against the CAT's decision on liability itself, as well as the decision purely on penalty, then based upon legal advice, the Board still regard £2 million as being a reasonable provision in the accounts.

Share buy-backs

JJB obtained the authority from shareholders to purchase up to 5 per cent of its issued share capital at the time of its AGM on 9 July 2004; this authority will expire at the time of the 2005 AGM in July 2005. After the Tender Offer in February 2004 where 7.25 million ordinary shares were acquired and cancelled at a cost of £20.8 million, no further share buy-backs have been undertaken by the Company.

The Board believes that the primary call on the Group's surplus cash flows should continue to be the further expansion of its combined health clubs/superstores and the development and refurbishment of its retail store chain after which it will consider a further buy back of shares, if that is earnings enhancing.

JJB will seek a renewal of the authority to purchase up to 5 per cent of its issued share capital at the 2005 AGM, which will then be in place for the following 12 months.

Current trading and prospects

In common with many retailers and in line with statistics issued by a number of trade organisations, JJB has found trading on the high street during February and the greater part of March 2005 to be challenging with strong competition between many retailers, all aiming to take a bigger share of the shrinking disposable income of the consumer. However, the launch of the new England replica shirt on 24 March, a week earlier than the comparable launch in 2004, coinciding with the Easter holidays being two weeks earlier than in 2004, resulted in higher turnover levels. Because the second week of the Easter holidays last year ended on 18 April 2004, it will not be until the results for the week ending 17 April 2005 are known, that an accurate comparison can be made of the Group's start to the current year.

However, for the 10 weeks ended 10 April 2005, total turnover decreased by 1.3 per cent which included a like-for-like decrease of 1.2 per cent; the gross margin in this period was marginally higher than that earned in the comparative period. As Easter is a peak selling period, JJB anticipates that its total turnover for the 11 weeks ending 17 April 2005 will show a greater decrease than the 1.3 per cent shown over the 10 week period.

For some time now, JJB's clothing category has been the one area of the business which has not performed satisfactorily. The Board believes this has been in part due to excessive range fragmentation and policy changes have been made to address this situation. These changes of policy include a greater emphasis being placed on the ranges of JJB's principal suppliers of Nike and adidas together with the offering being concentrated upon a smaller number of styles of individual categories of clothing than in earlier seasons, but with the stocking of these styles in greater quantities. JJB believes that the changes will limit the number of items which need to be discounted at the end of a season and result in a higher level of gross margin. Whilst there are inevitable time delays in the order/delivery cycle before the changes can be fully implemented, the Board believes that the new products ordered for Spring/Summer 2005 will result in a more authoritative range. The recent discounted promotion policy has resulted in the levels of clothing stocks currently on hand containing significantly less stock over 3 months old than at the comparative date last year.

JJB has ambitious plans for the further expansion of its Leisure Division, with 18 combined units being planned for opening during the current accounting period, which will bring the number of combined units in operation at 29 January 2006 to 39. An average of 11 openings per annum are planned for future years. Since the beginning of the current accounting period, 3 combined units have been opened and the total membership of the 24 health clubs at 10 April 2005 was 99,800.

Whilst the Board accepts that the trading environment will remain competitive throughout the current year, it is also confident that the increased investment in the refurbishment and expansion of the core business will enhance future profitability. The growth of the Leisure Division will, due to timing issues, produce limited returns in the current accounting period followed by a significant improvement in the following accounting period.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 53 WEEKS ENDED 30 JANUARY 2005**

| | | <u>Unaudited</u> 53 weeks ended 30 January 2005 | | <u>Audited</u> 52 weeks ended 25 January 2004 | |
|---|-------|---|-----------------------------------|---|------------------|
| | Notes | Continuing operations £'000 | Continuing operations £'000 | Discontinued operations £'000 | Total £'000 |
| Turnover | 3 | 773,339 | 771,772 | 158,040 | 929,812 |
| Cost of sales (including exceptional items) | | <u>(402,082)</u> | (395,624) | (109,041) | <u>(504,665)</u> |
| Gross profit | | 371,257 | 376,148 | 48,999 | 425,147 |
| Other net operating expenses (including goodwill amortisation and exceptional operating items) | | <u>(320,918)</u> | (307,000) | (46,825) | <u>(353,825)</u> |
| Operating profit | | 50,339 | 69,148 | 2,174 | 71,322 |
| Operating profit before goodwill amortisation and exceptional operating items | | 63,328 | 87,978 | 2,523 | 90,501 |
| Goodwill amortisation | | (12,989) | (12,753) | (349) | (13,102) |
| Exceptional operating items | 2 | | | | |
| -creation of legal penalty provision | | (2,000) | - | - | - |
| -release of legal cost accrual | | 2,000 | - | - | - |
| -other | | - | (6,077) | - | (6,077) |
| Loss on disposal of subsidiary undertaking | | (309) | | | (852) |
| Interest receivable and similar income | | 9,036 | | | 7,149 |
| Interest payable and similar charges | | <u>(8,692)</u> | | | <u>(9,781)</u> |
| Profit on ordinary activities before taxation | 3 | 50,374 | | | 67,838 |
| Taxation on profit on ordinary activities | | <u>(17,175)</u> | | | <u>(22,376)</u> |
| Profit on ordinary activities after taxation | | 33,199 | | | 45,462 |
| Dividends paid and proposed | 6 | <u>(23,080)</u> | | | <u>(23,297)</u> |
| Retained profit for the period | | <u>10,119</u> | | | <u>22,165</u> |
| Profit on ordinary activities before taxation, goodwill amortisation, exceptional operating items and loss on disposal of subsidiary undertaking | | <u>63,672</u> | | | <u>87,869</u> |
| Underlying headline earnings per ordinary share | 5 | 20.12p | | | 26.99p |
| Earnings per ordinary share | 5 | 14.36p | | | 19.27p |
| Diluted earnings per ordinary share | 5 | <u>14.34p</u> | | | <u>19.23p</u> |
| Dividends per ordinary share | | | | | |
| Interim | 6 | 3.00p | | | 3.00p |
| Final | 6 | 7.00p | | | 7.00p |
| | 6 | <u>10.00p</u> | | | <u>10.00p</u> |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE 53 WEEKS ENDED 30 JANUARY 2005**

| | <u>Unaudited</u> 53 weeks ended 30 January 2005 £'000 | <u>Audited</u> 52 weeks ended 25 January 2004 £'000 |
|---|--|--|
| Profit on ordinary activities after taxation | 33,199 | 45,462 |
| Exchange rate movement | (21) | 223 |
| Total recognised gains and losses relating to the period | <u>33,178</u> | <u>45,685</u> |

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE 53 WEEKS ENDED 30 JANUARY 2005**

| | <u>Unaudited</u> 53 weeks ended 30 January 2005 £'000 | <u>Audited</u> 52 weeks ended 25 January 2004 £'000 |
|--|--|--|
| Retained profit for the period | 10,119 | 22,165 |
| Exchange rate movement | (21) | 223 |
| | <u>10,098</u> | <u>22,388</u> |
| Proceeds of share issues | 92 | 5,440 |
| Consideration paid on purchase of own shares | (20,778) | - |
| Opening shareholders' funds | 353,003 | 325,175 |
| Closing shareholders' funds | <u>342,415</u> | <u>353,003</u> |

**CONSOLIDATED BALANCE SHEET
AS AT 30 JANUARY 2005**

| | <u>Unaudited</u> As at 30 January 2005 £'000 | <u>Audited</u> As at 25 January 2004 £'000 |
|--|--|--|
| Fixed assets | | |
| Intangible assets – goodwill | 173,125 | 186,347 |
| Tangible assets | 165,175 | 155,791 |
| | <u>338,300</u> | <u>342,138</u> |
| Current assets | | |
| Stock | 112,719 | 128,084 |
| Debtors | 12,181 | 11,481 |
| Current asset investments | 168,117 | 210,478 |
| Cash at bank and in hand | 29,323 | 41,258 |
| | <u>322,340</u> | <u>391,301</u> |
| Creditors: amounts falling due within one year | | |
| Borrowings | (168,117) | (170,478) |
| Others | (99,269) | (100,987) |
| | <u>(267,386)</u> | <u>(271,465)</u> |
| Net current assets | 54,954 | 119,836 |
| Total assets less current liabilities | 393,254 | 461,974 |
| Creditors: amounts falling due after more than one year | | |
| Borrowings | (24,950) | (84,821) |
| Others | (7,577) | (7,559) |
| | <u>(32,527)</u> | <u>(92,380)</u> |
| Provisions for liabilities and charges | (18,312) | (16,591) |
| Net assets | <u>342,415</u> | <u>353,003</u> |
| Capital and reserves | | |
| Called-up share capital | 11,538 | 11,899 |
| Share premium account | 157,219 | 157,129 |
| Capital redemption reserve | 1,069 | 706 |
| Profit and loss account | 172,589 | 183,269 |
| Equity shareholders' funds | <u>342,415</u> | <u>353,003</u> |

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE 53 WEEKS ENDED 30 JANUARY 2005**

| | <u>Unaudited</u> 53 weeks ended 30 January 2005 £'000 | <u>Audited</u> 52 weeks ended 25 January 2004 £'000 |
|--|--|--|
| Net cash inflow from operating activities | 103,968 | 77,707 |
| Returns on investments and servicing of finance | | |
| Interest received | 9,036 | 7,149 |
| Interest paid | (8,563) | (9,358) |
| Net cash inflow (outflow) | 473 | (2,209) |
| Taxation | | |
| UK corporation tax paid | (18,366) | (24,564) |
| Foreign tax paid | (152) | (296) |
| Net cash outflow | (18,518) | (24,860) |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (42,982) | (34,670) |
| Sale of tangible fixed assets | 8,392 | 1,977 |
| Net cash outflow | (34,590) | (32,693) |
| Acquisitions and disposals | | |
| Purchase of subsidiary undertaking | - | (5) |
| Disposal of subsidiary undertaking | 495 | 46,421 |
| Net cash disposed with subsidiary undertaking | - | (228) |
| Net cash inflow | 495 | 46,188 |
| Equity dividends paid | (23,077) | (18,899) |
| Cash inflow before management of liquid resources and financing | 28,751 | 45,234 |
| Management of liquid resources | | |
| Tender offer cash deposit | 40,000 | (40,000) |
| Financing | | |
| Issues of ordinary share capital | 92 | 5,440 |
| Decrease in loans | (60,000) | (6,667) |
| Purchase of own shares | (20,778) | - |
| Net cash outflow | (80,686) | (1,227) |
| (Decrease) increase in cash in the period | <u>(11,935)</u> | <u>4,007</u> |

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW
FROM OPERATING ACTIVITIES FOR THE 53 WEEKS ENDED 30 JANUARY 2005**

| | <u>Unaudited</u> 53 weeks ended 30 January 2005 £'000 | <u>Audited</u> 52 weeks ended 25 January 2004 £'000 |
|--|--|--|
| Operating profit | 50,339 | 71,322 |
| Goodwill amortisation | 12,989 | 13,102 |
| Depreciation of tangible fixed assets | 23,834 | 25,919 |
| Loss on sale of tangible fixed assets | 834 | 3,615 |
| Decrease (increase) in stocks | 15,365 | (20,669) |
| (Increase) decrease in debtors | (700) | 2,304 |
| Decrease in creditors | (693) | (17,886) |
| Increase in provisions | 2,000 | - |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 103,968 | 77,707 |
| | <hr/> <hr/> | <hr/> <hr/> |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (DEBT)
FOR THE 53 WEEKS ENDED 30 JANUARY 2005**

| | <u>Unaudited</u> 53 weeks ended 30 January 2005 £'000 | <u>Audited</u> 52 weeks ended 25 January 2004 £'000 |
|--|--|--|
| (Decrease) increase in cash in the period | (11,935) | 4,007 |
| Cash outflow from change in debt | 60,000 | 6,667 |
| | <hr/> | <hr/> |
| Change in net debt resulting from cash flows | 48,065 | 10,674 |
| Loan disposed with subsidiary | - | 6,833 |
| Cash flow from (increase) decrease in liquid resources | (40,000) | 40,000 |
| Amortisation of bank loan costs | (129) | (423) |
| | <hr/> | <hr/> |
| Movement in net funds in the period | 7,936 | 57,084 |
| Opening net debt | (3,563) | (60,647) |
| | <hr/> | <hr/> |
| Closing net funds (debt) | 4,373 | (3,563) |
| | <hr/> <hr/> | <hr/> <hr/> |

**ANALYSIS OF NET FUNDS (DEBT)
AS AT 30 JANUARY 2005**

| | At 25 January 2004 £'000 | Cash Flow £'000 | Other non- cash items £'000 | At 30 January 2005 £'000 |
|--|---|----------------------------|--|---|
| Loan note deposit | 170,478 | (2,361) | - | 168,117 |
| Tender offer cash deposit | 40,000 | (40,000) | - | - |
| Cash at bank and in hand | 41,258 | (11,935) | - | 29,323 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 251,736 | (54,296) | - | 197,440 |
| Borrowings falling due within one year | (170,478) | 2,361 | - | (168,117) |
| Borrowings falling due after more than one year | (84,821) | 60,000 | (129) | (24,950) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | <u>(3,563)</u> | <u>8,065</u> | <u>(129)</u> | <u>4,373</u> |

NOTES ON PRELIMINARY RESULTS FOR THE 53 WEEKS ENDED 30 JANUARY 2005

1. Basis of preparation

The financial information set out in the announcement does not constitute the Company's statutory accounts for the 53 weeks ended 30 January 2005 or the 52 weeks ended 25 January 2004. The financial information for the 52 weeks ended 25 January 2004 is derived from the statutory accounts for that period which have been delivered to the Registrar of Companies. The Auditors reported on those accounts; their report was unqualified and did not contain a statement under s237(2) or (3) of the Companies Act 1985. The statutory accounts for the 53 weeks ended 30 January 2005 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting.

2. Exceptional operating items

| | 53 weeks ended 30 January 2005 £'000 | 52 weeks ended 25 January 2004 £'000 |
|--|---|--|
| Cost of sales: | | |
| Creation of legal penalty provision (see note 4) | 2,000 | - |
| Release of legal cost accrual | (2,000) | - |
| | <u>-</u> | <u>-</u> |
| Operating expenses: | | |
| Losses on closure of certain flagship stores and the subsequent disposal of the leases to those stores | - | 5,272 |
| Costs incurred on the abortive management buy out of the Group | - | 805 |
| | <u>-</u> | <u>6,077</u> |

3. Segmental information

A. By class of business :

| | Turnover | | Profit on ordinary activities before taxation | |
|---|---|--|---|--|
| | 53 weeks ended 30 January 2005 £'000 | 52 weeks ended 25 January 2004 £'000 | 53 weeks ended 30 January 2005 £'000 | 52 weeks ended 25 January 2004 £'000 |
| <u>Continuing operations</u> | | | | |
| JJB retail stores | 710,647 | 727,377 | 42,503 | 68,122 |
| Leisure Division (including associated retail stores) | 62,692 | 44,395 | 7,836 | 7,103 |
| | <u>773,339</u> | <u>771,772</u> | <u>50,339</u> | <u>75,225</u> |
| <u>Discontinued operations</u> | | | | |
| TJ Hughes | - | 158,040 | - | 2,174 |
| | <u>773,339</u> | <u>929,812</u> | <u>50,339</u> | <u>77,399</u> |
| Exceptional operating items | | | - | (6,077) |
| Loss on disposal of subsidiary undertaking | | | (309) | (852) |
| Net interest receivable (payable) | | | 344 | (2,632) |
| | | | <u>50,374</u> | <u>67,838</u> |

NOTES ON PRELIMINARY RESULTS FOR THE 53 WEEKS ENDED 30 JANUARY 2005 (continued)

A. By class of business (continued)

| | Net assets | |
|---|--------------------------------------|--------------------------------------|
| | As at 30 January 2005 £'000 | As at 25 January 2004 £'000 |
| <u>Continuing operations</u> | | |
| JJB retail stores | 100,366 | 123,349 |
| Leisure Division (including associated retail stores) | 64,551 | 46,870 |
| | <u>164,917</u> | <u>170,219</u> |
| Net funds (debt) | 4,373 | (3,563) |
| Goodwill | 173,125 | 186,347 |
| Net assets | <u>342,415</u> | <u>353,003</u> |

B. By geographical origin:

| | Turnover | | Profit on ordinary activities before taxation | |
|--|--|--|--|--|
| | 53 weeks ended 30 January 2005 £'000 | 52 weeks ended 25 January 2004 £'000 | 53 weeks ended 30 January 2005 £'000 | 52 weeks ended 25 January 2004 £'000 |
| UK continuing operations | 764,829 | 760,277 | 48,876 | 74,366 |
| UK discontinued operations | - | 158,040 | - | 2,174 |
| Europe (excluding UK) | 8,510 | 11,495 | 1,463 | 859 |
| | <u>773,339</u> | <u>929,812</u> | <u>50,339</u> | <u>77,399</u> |
| Exceptional operating items | | | - | (6,077) |
| Loss on disposal of subsidiary undertaking | | | (309) | (852) |
| Net interest receivable (payable) | | | 344 | (2,632) |
| | | | <u>50,374</u> | <u>67,838</u> |

| | Net assets | |
|--------------------------|--------------------------------------|--------------------------------------|
| | As at 30 January 2005 £'000 | As at 25 January 2004 £'000 |
| UK continuing operations | 166,670 | 169,573 |
| Europe (excluding UK) | (1,753) | 646 |
| | <u>164,917</u> | <u>170,219</u> |
| Net funds (debt) | 4,373 | (3,563) |
| Goodwill | 173,125 | 186,347 |
| Net assets | <u>342,415</u> | <u>353,003</u> |

NOTES ON PRELIMINARY RESULTS FOR THE 53 WEEKS ENDED 30 JANUARY 2005 (continued)

4. Office of Fair Trading

In August 2003, the Office of Fair Trading (OFT) pronounced JJB guilty of price-fixing in the sale of certain replica kit products over a two year period during 2000 and 2001, and levied a penalty of £8.4 million. JJB has appealed to the independent Competition Appeals Tribunal (CAT) against both the decision of the OFT and also against the level of the penalty.

The result of the first appeal was given mainly in favour of the OFT's decision but with some elements that were found in JJB's favour. The appeal against the level of the penalty has been heard by the CAT but no decision has yet been announced.

Whilst JJB is awaiting the decision of the CAT regarding the appeal against the level of the penalty, on the basis of legal advice it has provided £2 million for any potential penalty (see page 6).

5. Earnings per share

Earnings per share have been calculated as follows:

| | 53 weeks ended 30 January 2005 £'000 | 52 weeks ended 25 January 2004 £'000 |
|--|---|---|
| Underlying headline earnings: | | |
| Profit on ordinary activities after taxation but before goodwill amortisation, exceptional operating items net of tax and loss on disposal of subsidiary undertaking | 46,497 | 63,670 |
| Goodwill amortisation | (12,989) | (13,102) |
| Exceptional operating items net of tax | | |
| -creation of legal penalty provision | (1,400) | - |
| -release of legal cost accrual | 1,400 | - |
| -losses on closure of certain flagship stores | - | (3,690) |
| -costs incurred on abortive management buy-out | - | (564) |
| Loss on disposal of subsidiary undertaking | (309) | (852) |
| | <hr/> | <hr/> |
| Profit on ordinary activities after taxation, goodwill amortisation, exceptional operating items net of tax and loss on disposal of subsidiary undertaking | 33,199 | 45,462 |
| Weighted average number of ordinary shares in issue (thousands) | 231,127 | 235,924 |
| Exercise of share options (thousands) | 307 | 494 |
| Diluted weighted average number of ordinary shares in issue (thousands) | 231,434 | 236,418 |
| | <hr/> | <hr/> |
| Underlying headline earnings per ordinary share | 20.12p | 26.99p |
| Earnings per ordinary share | 14.36p | 19.27p |
| Diluted earnings per ordinary share | 14.34p | 19.23p |

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

NOTES ON PRELIMINARY RESULTS FOR THE 53 WEEKS ENDED 30 JANUARY 2005 (continued)

6. Dividends paid and proposed

| | Pence per ordinary share | 53 weeks ended 30 January 2005 £' 000 | 52 weeks ended 25 January 2004 £' 000 |
|---|--------------------------------|---|---|
| Interim dividend paid 10 December 2003 | 3.0 | - | 7,059 |
| Final dividend paid 14 July 2004 | 7.0 | - | 16,150 |
| Interim dividend paid 10 December 2004 | 3.0 | 6,923 | - |
| Final dividend proposed payable 18 July 2005 | 7.0 | 16,154 | - |
| Under provision in respect of dividends paid in earlier years | | <u>3</u> | <u>88</u> |
| | | <u>23,080</u> | <u>23,297</u> |

7. International Financial Reporting Standards

Financial statements for the 52 weeks ending 29 January 2006 and all subsequent periods will be prepared in accordance with International Financial Reporting Standards ("IFRS"). This will require an opening balance sheet as at 25 January 2004 to be prepared under IFRS, together with a full profit and loss account, balance sheet and cash flow statement for the 53 weeks ended 30 January 2005 for comparative purposes. It is intended to restate these figures at the time of the announcement of the IFRS results for the 26 weeks to 31 July 2005.

It is anticipated that the financial statements will be principally adjusted as a result of changes to accounting for leases, share based payments, goodwill and dividends.

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