

28 September 2007

JJB Sports plc

Unaudited interim financial information for the 26 weeks to 29 July 2007

JJB Sports plc (“JJB”), announces its Unaudited interim financial results for the 26 weeks to 29 July 2007.

Summary:

	2007	2006	Change
Revenue	£365.3m	£381.6m	-4.3%
Gross margin	50.8%	48.0%	+280 BP
Operating profit	£11.6m	£18.4m	-37.0%
Adjusted operating profit*	£8.7m	£20.1m	-56.9%
Profit before taxation	£11.2m	£18.2m	-38.3%
Adjusted profit before taxation*	£8.3m	£19.9m	-58.3%
Basic earnings per share	3.31p	5.55p	-40.4%
Interim dividend	3.0p	3.0p	

\* Adjusted operating profit and adjusted profit before taxation are before crediting £2,933,000 of net gains (2006: after charging £397,000 of net losses) on disposal of property, plant and equipment and after charging £nil (2006: £1,280,000) relating to charges on the closure of Icon stores, as shown in the Unaudited consolidated income statement on page 9.

- **Revenue and profits impacted by tough comparatives with the 2006 World Cup.**
- **Improvement of 280 basis points in the gross margin with positive contributions from footwear and replica kit products.**
- **Health club revenue increased 21.2 per cent to £33.1 million (2006: £27.3 million.)**
- **Interim dividend to be maintained at the same level as last year.**
- **A further 5 combined health clubs/superstores to open in the second half of the current year and 14 openings planned for next year.**
- **Introduction of new “own-brands” is planned, to increase the proportion of revenue from this category.**
- **Total revenue for the 8 weeks to 23 September 2007 has increased by 4.9 per cent compared to the same period last year; accompanied by a rise in the gross margin of 380 basis points. Like-for-like revenue increased by 5.2 per cent.**

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

“Although we expected a fall in profits with no major football tournament this year, these results are still disappointing. Under the leadership of our new Chief Executive, Chris Ronnie, we are implementing measures to ensure we reduce our dependency on tournament years and improve the performance of all product categories in our retail stores, with particular focus on own brands.

Whilst the performance of our retail division has been worse than expected, our leisure division continues to expand and is now contributing substantially to overall Group revenue. This expansion will continue with further sites identified over the next few years.

I look forward to the next year with enthusiasm as we work to re-energise our retail stores and our product offering.”

For further information, please contact

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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)

## **Chairman's statement**

### **Trading results and strategy**

As previously indicated, trading results for the first 26 weeks of the current accounting period were significantly below those achieved in the same period last year when the World Cup accounted for an extra £20 million of revenue. Going into the second half, comparative numbers are expected to be more favourable.

Our new Chief Executive, Chris Ronnie, is currently introducing a number of plans to re-energise our retail stores with the full support of the Board and senior management. Through our focus on being "Serious about Sport", we intend to improve our product offering and differentiate JJB from competitors. As a result of these plans, we intend to decrease our reliance on major tournaments as we become the sports retailer of choice.

We intend to seek agreements with certain brand owners for the UK rights to their brands and to strengthen our design and sourcing department in order that we can increase the proportion of our retail store revenue from "own brand" products. We believe that this will result in increased margins.

Our plans for the expansion of our combined health clubs/superstores remain unchanged and we currently intend to open 14 of these sites in the next financial year. We have already identified a total of 17 sites for opening during either 2009 or 2010.

### **Prospects**

On 11 September 2007 we announced that whilst our trading results for the first half of the current accounting period were significantly below those achieved in the same period last year, our recent trading results led us to believe that the results from the second half of the current accounting period would be similar to those achieved in the second half of the last accounting period. We had formerly anticipated that our second half trading results would be materially better than the comparative period.

Whilst I am disappointed that our trading results to date have necessitated this change in our anticipated outcome for the year, we have fully taken into account what we consider may be the impact of restricted consumer spending over Christmas and the New Year. With the initiatives we are putting in place, I look forward to next year with greater enthusiasm.

Dependent on the qualification of both England and Scotland, JJB could materially benefit from the 2008 Euro Championship. However, we plan to reduce our dependency on the major football tournaments through our strategies for re-energising our stores along with strong product ranges from key brands together with an enhanced "own-brand" offering. We believe that these strategies will increase revenue from our retail stores. The continued expansion of our Leisure Division, with an increasing number of health clubs, will further enhance our profitability.

### **Board changes**

There have been a number of Board changes since we reported on our Preliminary results for the 52 weeks to 28 January 2007.

On 11 June 2007, we announced that the Company's founder, David Whelan, had sold his and his immediate family's entire shareholding in JJB to a joint venture vehicle formed by Icelandic financial group Exista hf and Chris Ronnie. David stood down from the Board of Directors and ceased to be involved in the operations of the business. He was appointed Honorary Life President to reflect his outstanding contribution to the growth of JJB over more than 30 years. We wish David every success in the future with his other business interests including his Chairmanship of Wigan Athletic.

Chris Ronnie initially joined the Board as Deputy Chief Executive and assumed the role of Chief Executive on 3 August when Tom Knight retired from the Board. Chris has brought a wealth of experience to the Board from his many years in the sports industry where he has held similar positions in sports manufacturing and sports retail companies.

I would like to thank Tom Knight for his contribution as Chief Executive during a difficult and turbulent period for the sports industry. He leaves to concentrate on opportunities in the private equity market and we wish him well.

## **Chairman's statement (continued)**

I was pleased to announce on 3 August that David Jones, formerly Chairman and Chief Executive Officer of Next Plc will shortly be joining the Board as a Non-executive Director.

I am also pleased to welcome Alan Benzie as a Non-executive Director and Chairman of the Audit Committee. Alan was formerly Senior Partner of KPMG (North) and a member of the KPMG UK Board and replaces Roger Best, who left the Company on 3 August to concentrate on his position as Chief Executive at Radley & Co.

These new appointments have strengthened JJB's Board and bring invaluable experience to the Company.

R Lane-Smith  
Non-executive Chairman  
27 September 2007

## Chief Executive's review

### Trading Results

The operating results for the 26 weeks to 29 July 2007 and the comparative figures for the 26 weeks to 30 July 2006 are shown below.

	Revenue		Operating profit before HO/DC allocation*		Operating profit after HO/DC allocation*	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Standalone retail stores	296,467	323,481	27,434	33,823	3,286	11,576
Leisure Division (including associated retail stores)	68,880	58,163	12,498	10,370	8,307	6,831
Total	365,347	381,644	39,932	44,193	11,593	18,407

\* "HC/DC" refers to head office and distribution centre costs

#### Revenue

Total revenue for the 26 weeks to 29 July 2007, including that for both the retail stores and the health clubs, was 4.3 per cent lower than the same period last year and includes a like-for-like decrease in revenue of 4.4 per cent (on operating units which have been trading for over 52 weeks). The most significant impact on the decrease in revenue has been the tough comparative figures set by the 2006 World Cup. While total retail store revenue is down 6.2 per cent on the comparative period, retail store revenue excluding replica products decreased by 1.3 per cent over the same period with small decreases in textiles and equipment being partly offset by an increase in revenue from golf products. Revenue from the health clubs increased by 21.2 per cent.

#### Gross Profit

The combined gross margin achieved during the 26 weeks to 29 July 2007 was 280 basis points higher than that achieved in the same period last year. The increase in gross margin comprises an increase in the gross margin achieved throughout the retail store chain as a result of the slightly less competitive state of the retail sports market, together with the impact of the high gross margin from the increased number of health clubs in operation.

#### Net operating expenses

Net operating expenses increased by £9.0 million or 5.4 per cent, to £173.9 million from £164.9 million. Apart from the inflationary pressures which apply to most of our operating expenses, some of which have exceeded the increase in the Retail Price Index, operating expenses have increased as a result of the number of additional combined health clubs/superstores in operation compared to the first half of the previous year and from the inclusion of costs for the whole 26 weeks relating to Golf TV and the Glasgow Rangers operations compared to last year when those operations were acquired towards the end of the first half year. Net operating expenses benefited from a net gain on disposal of property, plant and equipment in 2007, compared to a net loss in 2006.

The sale of a number of leases during the 26 weeks to 29 July 2007 has contributed towards a net gain on the disposal of property, plant and equipment of £2.9 million; this compares to a net loss on disposal in the comparative period of £397,000. If the net gain (2006 loss) on disposal of property, plant and equipment and the charges in the comparative period relating to the closure of Icon stores, are eliminated from net operating expenses, then those expenses show an increase of £13.6 million or 8.3 per cent, over the comparative period.

## Chief Executive's review (continued)

### Net profit

Net profit before taxation (after crediting the net gain on the disposal of property, plant and equipment) amounted to £11.2 million and compares to £18.2 million in 2006.

### Taxation and dividend

The effective rate of taxation on Group profit before taxation is 30.3 per cent, compared to 29.5 per cent in the same period last year.

The Board has proposed an interim dividend of 3 pence per ordinary share, unchanged from last year. The Board believes that the maintenance of the Company's dividend is of major importance to all our shareholders and believes that given the circumstances of the 2006 World Cup, which have been the main contributory factor to the reduced level of profits, it is appropriate for JJB to maintain the level of its interim dividend. The interim dividend will be paid on 9 January 2008 to shareholders on the share register at the close of business on 7 December 2007; the shares will trade ex-dividend from 5 December 2007.

### Balance sheet

Capital expenditure on property, plant and equipment during the 26 weeks to 29 July 2007 was £9.9 million compared to £15.0 million in the same period last year. The Group's principal capital expenditure arises from the combined health clubs/superstores and although 4 of these operating units have been opened in the accounting period, the capital expenditure on 3 of these operating units had been largely expended at the end of the previous accounting period.

A 48 per cent stake was acquired in KooGa Rugby Limited on 14 June 2007, at a cost of £1.3 million and a loan of £4 million has been advanced to this company in order to reduce its level of external borrowings.

The value of inventories increased to £158.6 million at 29 July 2007, compared to £149.8 million at 30 July 2006, as a result of a higher than usual intake of product in the month of July 2007; the value of inventories at earlier month ends in 2007 had been lower in 2007 than in 2006.

Net debt at 29 July 2007 amounted to £24.2 million compared to £31.5 million at 30 July 2006 and to £9.2 million at 28 January 2007.

## Operational review

### Re-energising the retail stores

Through our focus on being "Serious about sport," we intend to improve our product offering and differentiate JJB from competitors. We are therefore currently introducing a number of initiatives to re-energise our retail sports stores.

- At 29 July 2007, we had created 112 adidas shop-in-shop areas and 53 Nike shop-in-shop areas and although these areas have contributed in some stores to small increases in revenue, their contribution has not been material.

We are currently planning a new-look retail layout containing more appealing product displays, which will shortly be trialled at one of our existing stores and which will incorporate the merchandising of all of our products by sports category.

The proportion of revenue from our "own brand" products is approximately 15 per cent of our retail store revenue and we are seeking to increase this by acquiring the UK distribution rights of certain brands and by strengthening our design and sourcing department. The type of brands that we are seeking to introduce will be international brands with a strong global heritage that will appeal to a younger customer profile. For example, we have recently signed an agreement with Champion Europe S.p.a to acquire their UK distribution rights for this brand.

The recent acquisition of our interest in KooGa Rugby Limited, a specialist rugby brand, is a step towards our strategy to increase the proportion of revenue from our "own brands".

- We are currently completing plans for a significant increase in our incentivisation plans for key retail stores staff which will be in place before the busy Christmas period.

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

- We have recently appointed a retail training manager who will be responsible for the creation of a training academy to increase the knowledge base of our retail staff both in general retail skills and in product specific matters. The intention is to improve our customers' experiences within our stores and to further differentiate us from our competitors.

### **Multi-channel retailing**

We have continued to strengthen our multi-channel retailing facilities over the last 6 months by bringing our transactional website ([www.jjbsports.com](http://www.jjbsports.com)) in-house with the creation of a call-centre and fulfilment operation at Martland Park. The Glasgow Rangers and Everton websites have also been brought in-house together with the responses from our shopping channels on Sky TV.

Whilst gross profits for direct response revenue from our TV channels do not cover all the running costs of the channels, we firmly believe that the advertising power from these channels does drive many customers into our retail stores and enables us to sell considerably higher quantities of our products in our retail stores that are advertised on television, than we would be able to sell without exposure from that medium.

I look forward to the leadership that David Jones will bring to this area, when he takes up his appointment as a Non-executive Director. David Jones will also be closely involved in our plans for a mail order operation.

### **JJB Stores and store development**

During the 26 weeks to 29 July 2007, we opened 12 sites and closed 8. The openings included 4 stores situated on the upper floors of newly opened combined units and 3 relocations. The closures included the 3 stores which were relocated and 3 stores which were surplus to requirements because of their proximity to other JJB retail stores.

At 29 July 2007, we operated from 420 retail stores (including those in our combined units) containing 4.394 million square feet of retail space. This compares to a total of 416 retail stores in operation at 28 January 2007 and 4.295 million square feet of retail space.

Store opening plans during the next 18 months include 5 combined health clubs/superstores to be opened during the second half of the current accounting period, and a further 14 to be opened during the next accounting period ending January 2009. The sites for all these combined units have been identified and are in various stages of negotiation or construction.

In addition to the combined units, we plan to open 2 stand alone superstores in the second half of the current accounting period and 9 during the next accounting period.

### **Leisure Division**

During the 26 weeks to 29 July 2007, we opened a further 4 combined health clubs/superstores bringing the number in operation at that date to 43; these sites include 6 indoor soccer centres.

The total number of members of these 43 health clubs at 29 July 2007 was 182,500 and compares to 174,700 members in the 39 health clubs at 28 January 2007 and 156,200 members in the 37 health clubs at 30 July 2006. Membership numbers have increased by 16.8 per cent between 30 July 2006 and 29 July 2007 and include a like-for-like increase in operating units open for over 52 weeks of 5.1 per cent.

The continuing low membership fees averaging £35 per month for peak membership and £25 per month for off-peak membership for the use of clubs that are very well appointed and include a swimming pool, create a very strong value-for-money offering reflected in the high membership numbers.

Revenue from the Leisure Division (including the associated retail stores) increased by 18.4 per cent to £68.9 million during the 26 weeks to 29 July 2007 when compared to the same period last year. This includes an increase of 21.2 per cent in revenue from the health clubs alone. The operating profit of the Leisure Division, before any head office/distribution centre costs, for the same 26 weeks increased by 20.5 per cent to £12.5 million. Operating profits on the Leisure Division, after their share of head office/distribution centre costs, increased by 21.6 per cent to £8.3 million.

We continue to regard the Leisure Division as a key growth driver for JJB. A further 5 combined units will be opened during the second half of the current accounting period, in addition to the 4 already opened. In the next accounting period, we expect to open a further 14. In addition, our Property Department are already in the process of negotiations for 11 openings during the year commencing February 2009 and 6 for the following year.

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

### **Current trading**

Total revenue for the 8 weeks to 23 September 2007 was 4.9 per cent higher than in the same period last year and included a like-for-like increase in revenue of 5.2 per cent (on operating units which have been trading for over 52 weeks). Included in the total revenue figures is the increase in revenue of 4.1 per cent from all the Group's retail stores (including those that form part of the combined units).

The combined gross margin achieved during this 8 week period was 380 basis points higher than that achieved in the same period last year.

In our retail stores, all the major product categories have benefited from both increases in revenue and in gross margin. These increases have been helped by the improved weather from mid August to September together with the launch of certain Premiership replica kits in the second half of this year's accounting period, compared to the launch in the first half of last year's accounting period.

Although we have had a very strong start to this current 26 week period, we are cautious of the possible impact of interest rates on consumer spending over the next few months and therefore we still believe that the outcome for the full 26 week period to 27 January 2008 will be a trading result similar to that achieved in the comparative period last year.

C Ronnie  
Chief Executive  
27 September 2007

**Unaudited consolidated income statement**  
For the 26 weeks to 29 July 2007

	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000
<b>Continuing operations</b>			
<b>Revenue</b>	<b>365,347</b>	381,644	810,287
Cost of sales	<b>(179,891)</b>	(198,332)	(425,314)
<b>Gross profit</b>	<b>185,456</b>	183,312	384,973
Other operating income	<b>1,583</b>	2,674	5,163
Distribution expenses	<b>(12,350)</b>	(11,624)	(23,844)
Administration expenses	<b>(16,560)</b>	(14,463)	(33,439)
Selling expenses	<b>(146,536)</b>	(141,492)	(293,832)
<b>Operating profit</b>	<b>11,593</b>	18,407	39,021
<b>Operating profit is stated after crediting (charging)</b>			
Increase in provisions relating to legal penalty and interest thereon	-	-	(4,063)
Charges relating to the closure of Icon stores	-	(1,280)	(3,343)
Net gain (loss) on disposal of property, plant and equipment	<b>2,933</b>	(397)	(1,317)
	<b>2,933</b>	(1,677)	(8,723)
Finance income	<b>5,205</b>	4,502	9,437
Finance costs	<b>(5,512)</b>	(4,744)	(9,965)
Share of results of associated undertaking	<b>(71)</b>	-	-
<b>Profit before taxation</b>	<b>11,215</b>	18,165	38,493
Taxation (note 4)	<b>(3,395)</b>	(5,360)	(12,668)
<b>Profit for the period from continuing operations</b>	<b>7,820</b>	12,805	25,825
<b>Basic earnings per ordinary share (Note 6)</b>	<b>3.31</b>	5.55	11.07
<b>Diluted earnings per ordinary share (Note 6)</b>	<b>3.30</b>	5.55	11.07

**Unaudited consolidated statement of recognised income and expense**  
**For the 26 weeks to 29 July 2007**

	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000
Exchange differences on translation of foreign operations	(41)	(15)	163
<b>Net (expense) income recognised directly in equity</b>	<b>(41)</b>	<b>(15)</b>	<b>163</b>
<b>Profit after taxation for the period</b>	<b>7,820</b>	<b>12,805</b>	<b>25,825</b>
<b>Recognised income and expense for the period</b>	<b>7,779</b>	<b>12,790</b>	<b>25,988</b>

**Unaudited consolidated reconciliation of movements in equity**  
**For the 26 weeks to 29 July 2007**

	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000
Opening total equity	<b>377,026</b>	364,593	364,593
Recognised income and expense for the period	<b>7,779</b>	12,790	25,988
Share issues	<b>1,899</b>	-	3,359
Share based payment reserve	<b>150</b>	-	297
Investment in own shares	-	-	(3,083)
Dividends declared (Note 5)	<b>(16,556)</b>	(16,154)	(23,238)
Scrip dividends re-invested	-	-	9,110
<b>Closing total equity</b>	<b>370,298</b>	<b>361,229</b>	<b>377,026</b>

**Unaudited consolidated balance sheet**  
As at 29 July 2007

	As at 29 July 2007 £'000	As at 30 July 2006 £'000	As at 28 January 2007 £'000
<b>Non-current assets</b>			
Goodwill	188,463	189,558	188,459
Other intangible assets	26,364	28,236	27,397
Property, plant and equipment	198,690	192,632	198,980
Investment in associated undertaking (Note 9)	1,210	-	-
Loan to associated undertaking	4,000	-	-
	<u>418,727</u>	<u>410,426</u>	<u>414,836</u>
<b>Current assets</b>			
Inventories	158,597	149,828	128,082
Trade and other receivables	53,506	50,801	38,205
Current asset investment	168,117	168,117	168,117
Cash and cash equivalents	23,649	31,244	23,566
	<u>403,869</u>	<u>399,990</u>	<u>357,970</u>
<b>Total assets</b>	<u>822,596</u>	<u>810,416</u>	<u>772,806</u>
<b>Current liabilities</b>			
Trade and other payables	(157,009)	(139,083)	(104,546)
Tax liabilities	(10,246)	(12,150)	(14,985)
Loan notes	(168,117)	(168,117)	(168,117)
Short-term provisions	(5,378)	(7,784)	(13,277)
	<u>(340,750)</u>	<u>(327,134)</u>	<u>(300,925)</u>
<b>Net current assets</b>	<u>63,119</u>	<u>72,856</u>	<u>57,045</u>
<b>Non-current liabilities</b>			
Bank loans	(47,833)	(62,791)	(32,812)
Deferred tax liabilities	(25,161)	(20,933)	(23,416)
Deferred lease incentives	(38,554)	(38,329)	(38,627)
	<u>(111,548)</u>	<u>(122,053)</u>	<u>(94,855)</u>
<b>Total liabilities</b>	<u>(452,298)</u>	<u>(449,187)</u>	<u>(395,780)</u>
<b>Net assets</b>	<u>370,298</u>	<u>361,229</u>	<u>377,026</u>
<b>Equity</b>			
Share capital (Note 8)	11,943	11,538	11,892
Share premium account	171,182	157,219	169,334
Capital redemption reserve	1,069	1,069	1,069
Investment in own shares	(3,083)	-	(3,083)
Share based payment reserve	447	-	297
Foreign currency translation reserve	146	9	187
Retained earnings	188,594	191,394	197,330
<b>Equity attributable to equity holders of the parent</b>	<u>370,298</u>	<u>361,229</u>	<u>377,026</u>

**Unaudited consolidated cash flow statement**  
**For the 26 weeks to 29 July 2007**

	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000
<b>Net cash (outflow) inflow from operating activities</b> (Note 10)	<b>(4,790)</b>	26,214	80,339
<b>Cash flows from investing activities</b>			
Interest received	5,205	4,502	9,437
Purchase of subsidiary	-	(805)	(1,228)
Cash and cash equivalents of subsidiary acquired	-	-	231
Net proceeds on disposal of property, plant and equipment	3,650	1,725	1,956
Net proceeds on disposal of intangible assets	153	-	-
Purchase of intangible assets	(123)	(18,357)	(18,488)
Purchase of property, plant and equipment	(9,950)	(15,047)	(33,124)
Investment in associated undertaking	(1,281)	-	-
<b>Net cash used in investing activities</b>	<b>(2,346)</b>	(27,982)	(41,216)
<b>Cash flows from financing activities</b>			
Interest paid	(5,491)	(4,838)	(9,930)
Dividends paid	-	-	(14,128)
Investment in own shares	-	-	(3,083)
Proceeds from issues of share capital	1,899	-	3,359
Net proceeds from bank loans	15,000	3,000	17,892
Repayment of bank loan	-	-	(45,000)
Loan to associated undertaking	(4,000)	-	-
<b>Net cash from (used in) financing activities</b>	<b>7,408</b>	(1,838)	(50,890)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>272</b>	(3,606)	(11,767)
Cash and cash equivalents at beginning of period	23,566	34,860	34,860
Effect of foreign exchange rate changes	(189)	(10)	473
<b>Cash and cash equivalents at end of period</b>	<b>23,649</b>	31,244	23,566

**Notes to the Interim financial information**  
For the 26 weeks to 29 July 2007

**1. General information**

The Group's Interim financial information for the 26 weeks to 29 July 2007 was approved by the Board of Directors on 27 September 2007.

This Interim financial information is unaudited and does not constitute full statutory accounts within the meaning of Section 240 of the Companies Act 1985. However, it has been reviewed by the Auditors and their report to the Directors is set out on page 23.

**2. Basis of preparation**

The Interim financial information has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and IAS 34 'Interim Financial Reporting', and in accordance with those policies disclosed in the Annual report for the 52 weeks to 28 January 2007, published by the Company on 6 June 2007. Copies of the Interim report and Financial statements and the last Annual report and Financial statements are available from the Secretary, JJB Sports plc, Challenge Way, Martland Park, Wigan, WN5 0LD and can each be downloaded or viewed via the Company's corporate website, [www.jjbcorporate.co.uk](http://www.jjbcorporate.co.uk).

The financial information in respect of the 52 weeks to 28 January 2007 contained within this Interim financial information has been produced using extracts from the statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Auditors' report on those accounts was not qualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

**Change in accounting policies**

In the current financial accounting period, the Group will adopt International Financial Reporting Standard 7 'Financial instruments: Disclosures' (IFRS 7) for the first time. As IFRS 7 is a disclosure standard, there is no impact of that change in accounting policy on this Interim financial information. Full details of the change will be disclosed in the Annual report and Financial statements for the 52 weeks to 27 January 2008.

**3. Business segments**

For management purposes, the Group is currently organised into two operating divisions – Stand-alone retail stores and a Leisure Division incorporating combined health clubs and superstores together with six soccer centres. These divisions are the basis on which the Group reports its primary segmental information.

Segmental information about these businesses is presented below.

**Segmental information for the 26 weeks to 29 July 2007**

**Consolidated income statement**

	Stand-alone stores £'000	Leisure Division (including associated retail stores) £'000	Consolidated £'000
Revenue	296,467	68,880	365,347
Gross profit	137,257	48,199	185,456
Location net operating expenses	(109,823)	(35,701)	(145,524)
Operating profit before central costs	27,434	12,498	39,932
Head office/Distribution centre (HO/DC) costs	(24,148)	(4,191)	(28,339)
Operating profit	3,286	8,307	11,593
Finance costs less finance income			(307)
Share of results of associated undertaking			(71)
Profit before taxation			11,215
Taxation			(3,395)
Profit after taxation for the period			7,820

**Notes to the Interim financial information (continued)**  
**For the 26 weeks to 29 July 2007**

**3. Business segments (continued)**

Segmental information for the 26 weeks to 30 July 2006

Consolidated income statement

	Stand-alone stores £'000	Leisure Division (including associated retail stores) £'000	Consolidated £'000
Revenue	323,481	58,163	381,644
Gross profit	143,326	39,986	183,312
Location net operating expenses	(109,503)	(29,616)	(139,119)
Operating profit before central costs	33,823	10,370	44,193
Head office/Distribution centre (HO/DC) costs	(22,247)	(3,539)	(25,786)
Operating profit	11,576	6,831	18,407
Finance costs less finance income			(242)
Profit before taxation			18,165
Taxation			(5,360)
Profit after taxation for the period			12,805

Segmental information for the 52 weeks to 28 January 2007

Consolidated income statement

	Stand-alone stores £'000	Leisure Division (including associated retail stores) £'000	Consolidated £'000
Revenue	686,836	123,451	810,287
Gross profit	301,474	83,499	384,973
Location net operating expenses	(227,559)	(62,097)	(289,656)
Operating profit before central costs	73,915	21,402	95,317
Head office/Distribution centre (HO/DC) costs	(50,808)	(5,488)	(56,296)
Operating profit	23,107	15,914	39,021
Finance costs less finance income			(528)
Profit before taxation			38,493
Taxation			(12,668)
Profit after taxation for the period			25,825

**Notes to the Interim financial information (continued)**  
**For the 26 weeks to 29 July 2007**

**4. Taxation**

The taxation charge shown in the Unaudited consolidated income statement for the 26 weeks to 29 July 2007 has been based on the anticipated effective taxation rate for the 52 weeks to 27 January 2008 of 30 per cent (2007: 30 per cent).

	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000
<b>Current taxation</b>			
UK corporation tax	<b>1,454</b>	4,091	9,030
Foreign tax	<b>107</b>	121	207
Adjustment in respect of prior periods	<b>92</b>	-	(207)
	<b>1,653</b>	4,212	9,030
<b>Deferred taxation</b>			
Current period	<b>1,717</b>	1,148	3,638
Adjustment in respect of prior periods	<b>25</b>	-	-
	<b>1,742</b>	1,148	3,638
<b>Taxation charge</b>	<b>3,395</b>	5,360	12,668

The effective rate of taxation calculated on the Group profit before taxation is 30.3 per cent compared to 29.5 per cent in the comparative accounting period.

**5. Dividends**

	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'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 payable on 3 August 2007 (2006: 7.0 pence)	<b>16,556</b>	16,154	16,154
Interim dividend for the 52 weeks to 28 January 2007 of 3.0 pence net per ordinary share paid on 5 January 2007 (2006: 3.0 pence)			7,084
			23,238
Proposed interim dividend for the 52 weeks to 27 January 2008 of 3.0 pence net per ordinary share (2007: 3.0 pence)	<b>7,166</b>	7,084	

The proposed interim dividend for the 52 weeks to 27 January 2008 will be paid on 9 January 2008 to shareholders whose names appear on the share register at 7 December 2007. The shares will trade ex-dividend from 5 December 2007.

**Notes to the Interim financial information (continued)**  
**For the 26 weeks to 29 July 2007**

**6. Earnings per share**

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

	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000
Earnings for the purposes of basic earnings per ordinary share and for the purpose of diluted earnings per ordinary share being net profit attributable to equity holders of the parent	<u>7,820</u>	<u>12,805</u>	<u>25,825</u>
<b>Number of shares</b>	<b>Number of ordinary shares (thousands)</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per ordinary share	<u>236,413</u>	230,766	233,261
Effect of dilutive potential ordinary shares:			
Share options	<u>243</u>	<u>40</u>	<u>51</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per ordinary share	<u>236,656</u>	<u>230,806</u>	<u>233,312</u>
<b>Basic earnings per ordinary share</b>	<b>3.31p</b>	5.55p	11.07p
<b>Diluted earnings per ordinary share</b>	<b>3.30p</b>	5.55p	11.07p

**7. Bank loans and loan notes**

The Group's working capital is funded through a 5 year £60 million revolving bank credit facility which commenced in June 2005, together with a 6 year Term loan of £18 million, which commenced in June 2006, and was arranged to finance the acquisition of the Glasgow Rangers FC licensing agreement. 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 under Current assets as "Current asset investment".

**Notes to the Interim financial information (continued)**  
**For the 26 weeks to 29 July 2007**

**8. Share capital**

	<b>At 29 July 2007 £'000</b>	<b>At 30 July 2006 £'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	16,580
	<b>£'000</b>	<b>Number Thousands</b>	
<b>Allotted, called up and fully paid:</b>			
At 28 January 2007	11,892	237,837	
Issued on exercise of options	51	1,027	
<b>At 29 July 2007</b>	<b>11,943</b>	<b>238,864</b>	

The Company has one class of ordinary share which carries no right to fixed income.

**9. Investment in associated undertaking**

On 14 June 2007, JJB Sports plc (“JJB”) acquired a 48 per cent share in KooGa Rugby Limited (“KooGa”), a company incorporated in England, for £1,281,000 consideration. 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 29 July 2007 the investment in the associated undertaking is as follows:-

	<b>£'000</b>
Consideration	1,281
Fair value of net liabilities acquired	251
<b>Goodwill</b>	<b>1,532</b>
Fair value of net liabilities at 29 July 2007	(322)
<b>Investment in associated undertaking</b>	<b>1,210</b>

JJB’s share of KooGa’s assets, liabilities and results as shown in their management accounts is as follows:-

	<b>At 29 July 2007 £'000</b>
Total assets	<b>2,702</b>
Total liabilities	<b>(3,024)</b>
Net liabilities	<b>(322)</b>
Revenue	<b>643</b>
Loss before taxation	<b>(71)</b>

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.

**Notes to the Interim financial information (continued)**  
**For the 26 weeks to 29 July 2007**

**10. Reconciliation of operating profit to net cash (outflow) inflow from operating activities**

	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000
Operating profit from continuing operations	<b>11,593</b>	18,407	39,021
Depreciation and impairment of property, plant and equipment	<b>9,669</b>	9,511	18,432
Amortisation of other intangible assets	<b>989</b>	312	1,282
Net (gain) loss on disposal of property, plant and equipment	<b>(2,933)</b>	397	1,317
Net loss on disposal of property, plant and equipment relating to the closure of Icon stores	-	-	1,376
Net loss on disposal of intangible assets	<b>14</b>	-	-
(Decrease) increase in short-term provisions	<b>(7,899)</b>	454	5,947
Share based payment reserve	<b>150</b>	-	297
<b>Operating cash flow before movements in working capital</b>	<b>11,583</b>	29,081	67,672
Increase in inventories	<b>(30,515)</b>	(29,562)	(7,432)
(Increase) decrease in trade and other receivables	<b>(15,301)</b>	(12,063)	1,825
Increase in payables	<b>34,889</b>	37,915	21,118
<b>Cash generated by operations</b>	<b>656</b>	25,371	83,183
Taxation (paid) refunded	<b>(5,446)</b>	843	(2,844)
<b>Net cash (outflow) inflow from operating activities</b>	<b>(4,790)</b>	26,214	80,339

**11. Analysis of net debt as at 29 July 2007**

	At 28 January 2007 £'000	Cash flow £'000	Other non- cash items £'000	At 29 July 2007 £'000
<b>Current asset investment</b>	168,117	-	-	<b>168,117</b>
<b>Cash and cash equivalents</b>	23,566	272	(189)	<b>23,649</b>
	191,683	272	(189)	<b>191,766</b>
<b>Current liability:</b>				
Loan notes	(168,117)	-	-	<b>(168,117)</b>
<b>Non-current liability:</b>				
Bank loans	(32,812)	(15,000)	(21)	<b>(47,833)</b>
	(9,246)	(14,728)	(210)	<b>(24,184)</b>

**Notes to the Interim financial information (continued)**  
**For the 26 weeks to 29 July 2007**

**12. Office of Fair Trading and The Consumers Association**

The short-term provision in respect of the legal penalty and related interest of £7,945,000 at 28 January 2007 relating to the action brought against the Company by the Office of Fair Trading (“OFT”) in respect of the price-fixing of certain replica kit products during 2000 and 2001, has been utilised during the accounting period of 26 weeks to 29 July 2007 in paying that amount to the OFT.

On 5 March 2007, The Consumers Association lodged a representative action for damages against JJB. The action was brought on behalf of consumers for losses suffered by purchasing certain replica shirts in 2000 and 2001. JJB subsequently made an offer to give a free England shirt and mug to anyone who presented one of these old replica shirts in its stores. The cost of this free offer, potential damages to the consumers who are included in the representative action and a provision for legal costs has been expensed by JJB in its Consolidated income statement for the 52 weeks to 28 January 2007 and in the Unaudited consolidated income statement for the 26 weeks to 29 July 2007.

**13. 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 29 July 2007, JJB Sports Plc (“the Company”) entered into the following transactions with related parties who are not members of the Company or the Group:

	Income from related parties			Expenditure with related parties		
	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000	<b>26 weeks to 29 July 2007 £'000</b>	26 weeks to 30 July 2006 £'000	52 weeks to 28 January 2007 £'000
Whelco Holdings Limited	132	142	267	351	511	795
Executive Director’s family trust	-	-	-	50	75	150
E-View Properties Limited	-	504	504	-	-	-
KooGa Rugby Limited	-	-	-	44	-	-
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
	Amounts owed by related parties			Amounts owed to related parties		
	<b>As at 29 July 2007 £'000</b>	As at 30 July 2006 £'000	As at 28 January 2007 £'000	<b>As at 29 July 2007 £'000</b>	As at 30 July 2006 £'000	As at 28 January 2007 £'000
Whelco Holdings Limited	-	140	137	-	11	176
KooGa Rugby Limited	4,000	-	-	80	-	-
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

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 the Company 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 David Whelan, have an interest). Following the opening of the new retail store on 10 August 2003, the Company has continued to pay rent on a full commercial basis at the rate of £150,000 per annum.

**Notes to the Interim financial information (continued)**  
**For the 26 weeks to 29 July 2007**

**13. 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 a 48 per cent share in KooGa Rugby Limited (“KooGa”) on 14 June 2007 (see Note 9). Purchases were made by the Company from KooGa at arms length prices. The amount outstanding is unsecured and will be settled in cash. No guarantees have been given.

During the period 14 June 2007 to 29 July 2007, the Company has advanced £4 million to KooGa. Repayments are based on the profit after taxation of KooGa, and interest is payable to the Company at a rate equivalent to that charged on the Company’s revolving bank credit facility.

In addition, in the 26 weeks to 29 July 2007, the Company entered into a series of US Dollar forward contracts on behalf of KooGa amounting to \$6 million. Contracts for \$2 million were drawn down by the Company before 29 July 2007 and a further \$4 million will be drawn down in future periods. These contracts are recharged at actual rates incurred by the Company.

**14. Event after the balance sheet date**  
**Interim dividend**

On 27 September 2007, the Directors approved the payment of an interim dividend of 3.0 pence net per ordinary share (2006: 3.0 pence). In accordance with IFRS accounting policies, the proposed dividend has not been included as a liability in the Unaudited consolidated balance sheet at 29 July 2007. This dividend will be paid on 9 January 2008 to shareholders on the register at 7 December 2007. The shares will trade ex-dividend from 5 December 2007.

**15. Risks and uncertainties**

The Board has a policy of continuous identification and review of key business risks and oversees the development of processes to ensure that these risks are managed appropriately. Executive Directors and senior management, including the Associate Directors, are delegated with the task of implementing these processes; the Executive Directors are charged with reporting to the Board on their outcomes. The key risks identified by the Board include:

**Economic conditions**

In common with most retailers, JJB’s results can be affected by a number of economic conditions including interest rates, the availability of consumer credit, the level of inflation and movements in consumers’ disposable income. All these factors affect the level of consumer confidence and can impact upon revenue achieved by both JJB’s retail store chain and its health clubs.

**Seasonal factors**

JJB’s revenue is subject to three seasonal peaks – Easter, back-to-school in August and Christmas. If the economic conditions during any one of these periods is severe, then these conditions can have a disproportionate impact upon revenue.

**Competition**

JJB’s retail store chain operates in a particularly competitive part of the retail sector and therefore its degree of competitiveness is affected by the retail pricing policies of its competitors which in turn impacts upon JJB’s margins and profitability.

**Key personnel**

The success of JJB is partly dependent upon the continued service of its key management personnel and upon its ability to attract, motivate and retain suitably qualified employees.

**Notes to the Interim financial information (continued)**  
**For the 26 weeks to 29 July 2007**

**15. Risks and uncertainties (continued)**

Suppliers

JJB is dependant upon its major suppliers continuing to design and produce quality product ranges for sale within its retail stores, at wholesale prices which will enable JJB to maintain its margins and to compete effectively within the retail sector.

IT systems and business continuity

JJB is dependent upon the continued availability and integrity of its computer systems. Its retail and health club operations must record and process a substantial volume of data and conduct inventory management accurately and quickly. This can only be achieved on systems which benefit from continuous enhancements and ongoing investment in order to prevent obsolescence and maintain responsiveness to business needs. JJB is also dependant upon the uninterrupted operation of its computer systems and therefore reliance needs to be placed upon a disaster recovery plan to replicate the data stored on its business critical computer systems.

Revenue dependence on key sporting events

JJB derives some benefit in alternate years from the sale of replica kits as a result of the participation of the England national football team in the two major competitions (the FIFA World Cup and the Euro Championships). This benefit would be jeopardised if the England team failed to qualify for the finals of those competitions.

Logistics and distribution infrastructure

An important part of JJB's business is to maintain a secure and efficient distribution centre in order to ensure prompt and frequent deliveries of inventory to its retail stores. Any disruption to this supply chain could adversely affect the Group's revenue levels.

Property availability

The continuing growth of the Group, particularly with regard to the combined health clubs/superstores, is dependant upon the availability of new sites at competitive rentals and the timing of new openings is partly dependant upon the granting of full planning permission by local authorities.

Treasury and financial risks

JJB is subject to treasury and financial risks arising from the security of its existing funds, the ongoing availability of new funds and fluctuations in interest and exchange rates.

## **Responsibility statement**

We confirm that to the best of our knowledge:

- the Interim financial information has been prepared in accordance with IAS 34;
- the Interim financial information includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 26 weeks and description of principal risks and uncertainties for the remaining 26 weeks of the period); and
- the Interim financial information includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

C Ronnie

Chief Executive

J D Greenwood

Finance Director

27 September 2007

# **Independent review report to JJB Sports plc**

## **For the 26 weeks to 29 July 2007**

### **Introduction**

We have been instructed by the Company to review the financial information for the 26 weeks to 29 July 2007 which comprise the Income statement, the Statement of recognised income and expense, Reconciliation of movements in equity, the Balance sheet, the Cash flow statement and the related notes 1 to 15. We have read the other information contained in this Interim report and consider 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**

This 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 and the requirements of IAS 34 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 29 July 2007.

Deloitte & Touche LLP  
Chartered Accountants  
Manchester

27 September 2007