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JJB Sports plc Annual Report and Accounts 2009

Overview

Key points for 2008/2009

> Series of bad business decisions and the worsening economic environment brought the Company dangerously close to insolvency.

> In addition, extensive store closures and unsuccessful moves to reposition the brand resulted in severe operational and financial difficulties.

> Extreme pressure from the Group's lenders as a result of covenant breaches following the Company's interim announcement culminating in an expensive Standstill Agreement from December 2008 and the need to refinance.

> Substantial exceptional items from asset impairments and store closure provisions.

> 13.4% decrease in retail sales (6.9% on a like for like basis).

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

Post Balance sheet events

> Appointment of three new highly experienced executive directors.

> Original Shoe Company and Qubefootwear put into administration in February 2009 to stem substantial losses.

> Disposal of fitness clubs business for £83.4 million to Dave Whelan Sports completed in March 2009.

> Innovative CVA proposal successfully implemented in May 2009, following overwhelming creditor and shareholder support.

> New £50 million banking facilities made available by the Group's lenders and drawn down in June 2009 following implementation of the CVA proposal.

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

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

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

Sir David Jones, Executive Chairman

Overview
Chairman's statement

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

The wrong strategy
The Company is one of three national chains involved in sportswear retailing in the UK:
> JD Sports with its emphasis on more fashionable brands.
> Sports Direct with its discounting strategy.
> JJB Sports, now aiming to be the destination store for all those "Serious about Sport".

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

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

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

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

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

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

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

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

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

The CVA proposal invited landlords of 140 non-trading stores to compromise their claims for rent against the Company and its wholly owned subsidiary, Blane Leisure. Under the terms of the CVA proposal, the Company and Blane Leisure are providing a fund of £10 million against which landlords of non-trading stores can claim. The CVA proposal was overwhelmingly approved at meetings of creditors and shareholders held on 27 and 29 April 2009. Following the expiry of a 28 day challenge period, the CVA proposal was successfully implemented on 29 May 2009. This is another important step towards the restructuring of the Company and the first time a CVA in this form has been achieved by a listed PLC.

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

Financial reporting and internal controls
At the time of writing this statement, there remain material uncertainties surrounding the going concern assumption. There are discussed in more detail on page 20 to 21.

As part of the audit of the Financial statements for the period, we have identified a number of areas where the Group can improve its internal systems and controls. Steps are already in progress to address these issues as described in the Business Review and the Corporate Governance report.

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

We now have to concentrate on getting the product offer right and reducing further the cost base of a business consisting of 253 retail stores. To help me achieve these objectives, as announced on 18 May 2009, I have been able to persuade Colin Tranter, a very experienced retailer who worked with me at GUS and Grattan, to join the Board.

Any improvement in sales and profits will not be a "quick fix". As a result of our financial difficulties over the last nine months the Company has had to exist with stock levels of 50% below the previous year. Many suppliers have been reluctant to supply stock because of the lack of trade credit insurance and the widely held belief that the Company was likely to go into administration. The lead times between the ordering of product and its delivery can be up to six months and therefore we will not begin to see any significant improvement in sales until the 4th quarter of 2009.

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

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

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

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

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

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

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

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

Sir David Jones
Executive Chairman
15 June 2009

Business review
Operating review

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

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

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

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

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

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

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

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

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

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

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

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

> *Restructuring/vacant store provisions of £29.5 million, of which £20.7 million represents an increase to the prior year restructuring provision, which, in light of changes in the retail property market in the period, was considered to be inadequate* – This provision is derived from the independent review of each lease prior to the commencement of the Company Voluntary Arrangement referred to later in this review, and following successful implementation, the provision not utilised will result in an exceptional credit to the income statement.

> *Goodwill impairment of £82.3 million* – The principal element is £79.5 million relating to Blane Leisure and has arisen following an impairment review of the present value of the retail operating units for which goodwill has been allocated. This was found to be less than the carrying value in the Balance sheet.

> *Impairment of the fitness club fixed assets of £49.3 million* – Following a value in use calculation, in light of the sale of the fitness clubs for £83.4 million, the carrying value of the fixed assets was higher than the disposal proceeds of the sale resulting in an impairment of the tangible fixed assets within that segment.

> *Impairment of businesses in administration of £8.7 million* – This is a result of the write down of stock and fixed assets preceding the decision to place both Original Shoe Company and Qubefootwear into administration on 19 February 2009.

> *Impairment of investment in associate of £4.9 million* – This mainly relates to the poor performance of the KooGa operations and the decision to cease the current arrangements.

> *Other exceptional items* – There are a number of other exceptional items that are disclosed on the face of the income statement. These refer mainly to the profit/loss on disposals of assets and additional re-organisational costs, mainly advisory fees. Full details are shown on the face of the Consolidated income statement.

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

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

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

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

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

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

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

> The acquisition of two new subsidiaries, Original Shoe Company and Qubefootwear (these companies were subsequently placed into administration to stem the significant losses they were incurring).
> The closure of 70 stores as part of a planned focus on key, profitable stores.
> The transfer/sale of stores to third parties.

Business review
Operating review continued

> Completion of the sale of the Group's 5 indoor Soccer Domes to Powerleague Fives on 26 February 2008 for a cash consideration of £17.4 million.
> The sale of the Company's shareholding in Umbro plc for a cash consideration of £28.5 million.
> Significant discounting of stock in common with many other retailers and associated reduction in stock holding.
> Extreme pressure from the Group's lenders as a result of covenant breaches following the Company's interim announcement, consequential increase in fees and margin payable and limited operating scope in exchange for continued support.
> 5% share placing to Sports Direct International plc.
> Board and management changes.

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

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

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

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

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

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

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

Internal systems and controls
The Company has identified a breakdown in internal systems and controls in certain areas with the consequential impact on cash outflow. The areas in which there is a need for internal control improvements have been recognised to include:
> Forecasting of profits and cash flows of the Group.
> Management reporting, including external due diligence on potential acquisitions.
> Strengthening internal controls over:
  – use of Company assets;
  – identification of related party transactions; and
  – approval of Directors' expenses.
> Full Board scrutiny and approval over all material contractual arrangements, acquisitions and disposals.

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

Review of Balance sheet

Capital expenditure

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

Current asset investment

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

Inventories

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

Net debt

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

Dividend

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

Share capital

Details of the share capital and recent movements, including the issue of shares to Sports Direct International plc referred to above, are described in note 29 of the Notes to the Financial statements.

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

Post Balance sheet events

Administration of the Lifestyle Division

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

Disposal of the fitness clubs business

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

Director update

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

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

Company voluntary arrangements

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

Business review
Operating review continued

On 27 April 2009 the CVA proposal made by the Company and Blane Leisure received the approval of the requisite majority of the creditors of each company and on 29 April 2009 was approved by the majority of the members of each company. Following the expiry of a 28 day challenge period, the CVA proposal was successfully implemented on 29 May 2009.

In summary, now that it is implemented, the CVA proposal will:
> compromise claims of landlords of approximately 140 closed retail stores and certain related contingent claims (such as claims of former tenants and guarantors), but not including rates on those closed stores;
> enable landlords of those closed retail stores to make a claim against a total aggregate fund of £10 million, with payments from that fund in two instalments (the first instalment of £5,000,001 on 30 September 2009 and the balance of £4,999,999 on 31 December 2009); and
> vary temporarily the terms of leases of the open retail stores, approximately 250 stores in total, such that rent will be paid on a monthly rather than quarterly basis for a period of 12 months from the next quarter date.

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

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

Provision of new facilities
The Group entered into a series of extensions to its standstill agreements with its lenders after the year end covering the period up until 17 June 2009 and incurring related lender fees of £8,325,000 (excluding advisers' fees). Certain of these extensions were entered into with Kaupthing, Singer & Friedlander Limited (in administration) ("KSF") at a time when KSF was a related party for the purposes of Listing Rule 11. Further details of the terms of these extensions, including details of the documents, details of KSF as the related party and the fees payable to KSF and all other relevant circumstances are contained in notes 25 and 44 of the Notes to the Financial statements.

On 5 April 2009, Barclays Bank plc ("Barclays") and the Group executed documentation for a short term banking facility of £25 million (the "Barclays Facility") with a maturity date of 31 August 2009 and on 3 April 2009 Bank of Scotland ("BoS") and the Group executed separate documentation for a medium term £25 million revolving facility (the "BoS Facility") with a maturity date of 30 September 2010 to support the Company's ongoing funding requirements. Interest is payable at 450 basis points above LIBOR in respect of both the Barclays Facility and the BoS Facility.

Following the successful implementation of the CVA proposal referred to above, the Company drew down on these facilities on 3 June 2009 to refinance the Company's existing facilities with Barclays and BoS and to repay in full its short term loan with KSF. The operational covenants for these facilities are broadly similar to those under the Group's previous financing arrangements with Barclays and BoS respectively and, in the case of the BoS Facility, contain financial covenants customary in financing arrangements of this nature. Further details are disclosed in note 25 of the Notes to the Financial statements.

As part of the refinancing on 3 June 2009, the standstill arrangements referred to above were terminated. The Company paid an initial arrangement fee of £125,000 to Barclays at the time of signing the Barclays Facility. A further fee of £125,000 was paid prior to first utilisation.

In accordance with the terms of the BoS Facility, the Company issued warrants to subscribe for 11,287,434 new ordinary shares of 5 pence each (the "Warrants") to Uberior Trading Limited (the "Warrantholder"), an affiliate of BoS, on 3 June 2009. As announced on 29 April 2009, the issue of Warrants was approved by shareholders at a General Meeting held on that date.

The terms and conditions of the Warrants were set out in the shareholder circular and Notice of General Meeting sent to shareholders on 6 April 2009. The Warrants are not listed or traded on any recognised investment exchange or stock exchange. The Warrantholder is entitled to exercise the Warrants and subscribe for new ordinary shares at any time between the start date of the exercise period (the 31st day after the earlier of the date of publication of the Company's 2009 Annual Report and accounts and the date of first drawdown under the BoS Facility) and 30 September 2010 (or later if the BoS Facility is extended or refinanced within the lending group). The subscription price per share will be equal to the average market price for the 60 day period beginning 30 days before the earlier of the date of publication of the Company's 2009 Annual Report and accounts and the date of first drawdown under the BoS Facility and ending 30 days after that date. The Warrantholder may request the Company to purchase and cancel the Warrants at any time after the first anniversary of the start date of the exercise period.

Principal risks and uncertainties

As the process to strengthen the internal control environment develops, the Board continues to identify and review key business risks and oversees the development of processes to ensure that these risks are managed appropriately. Executive Directors and senior management are delegated with the task of implementing these processes; the Executive Directors are charged with reporting to the Board on their outcomes. In addition to the risks associated with the going concern assumption, 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. This is particularly relevant at the current time where present economic conditions are having a particularly adverse effect upon consumers' buying habits. In order to mitigate these economic risks, JJB needs to remain competitive through the offer of a wide range of products at reasonable prices and through a strong property portfolio.

Competition

JJB's retail store chain operates in a particularly competitive part of the retail sector and therefore its degree of competitiveness is to some extent affected by the retail pricing policies of its competitors which in turn impacts upon JJB's margins, profitability and market share. JJB is seeking to re-position itself within the market and refocus on its "Serious about Sport" strategy offering quality ranges at varying price points, together with improving its e-commerce capability. A wider range of products will be offered including a greater emphasis on non-clothing merchandise. Senior management will continually review the selection of ranges on offer, ensuring that good value is maintained to meet customer demands.

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. A full review of the Group structure has been undertaken with the result that key staff are now in place to drive the business forward. Competitive remuneration packages will be offered to ensure that key employees are both retained and motivated as well as offering suitable career development opportunities.

Suppliers

JJB is dependent upon its major suppliers continuing to support the Group's business and 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. JJB continues to develop mutually beneficial relationships with its main suppliers.

The impact of currency

The fall in the value of sterling against the dollar has proved challenging, especially since the Company was required to dispose of the forward foreign exchange contracts we previously had in place.

Availability of credit

The future cost and availability of finance will affect the ability to undertake investment and expansion.

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. The Group has adopted a policy of only dealing with creditworthy counterparties and monitors its funding requirements by regular funds forecasting. The Board regularly reviews any requirement to protect the Group against fluctuations in interest rates and exchange rates.

IT systems and business continuity

JJB is dependent upon the continued availability and integrity of its computer systems. Its retail and fitness 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 which will minimise the risk of 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. JJB has extensive controls in place to maintain the integrity and efficiency of its IT infrastructure.

Revenue dependence on key sporting events

JJB derives some benefit in alternate years from the sale of replica kits if the England national football team reaches the finals of the two major competitions (the FIFA World Cup and the Euro Championships). This benefit is lost if the England team fails to qualify for the finals of those competitions. In order to mitigate this situation, JJB is implementing measures to reduce the level of dependency on tournament years by concentrating on all major sporting events and offering a wider perennial product portfolio.

Logistics and distribution infrastructure

An important component of JJB's strategy 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.

Business review
Corporate responsibility

Corporate Social Responsibility
JJB recognises that it has a duty to ensure that its business is conducted in a socially responsible manner meeting high standards in both social and environmental behaviour. Through its employees, the Group aims to comply with all applicable laws and, where possible, exceed best practice conditions in both the national and global markets within which it operates.

The Board is responsible for corporate social responsibility and it has made the following commitments:
> Endeavours and initiatives are focused towards the provision of ethically produced, quality, value-for-money products, through a safe and satisfied workforce in a way that benefits the communities within which the Group operates.
> Minimise any negative social and environmental impact within all areas of its operation.
> Through the operation of the Corporate Social Responsibility Committee, monitor the effectiveness of controls in place to manage corporate social responsibility risks and changes in new legislation.
> Apply guiding principles of corporate social responsibility relating to ethical codes of conduct and worldwide labour standards, environmental impact and social and community issues.

Ethical codes of conduct and worldwide labour standards
JJB seeks to provide its customers with high quality, value-for-money products, sourced from suppliers and manufacturers who can clearly demonstrate compliance with JJB's own codes of practice as well as internationally accepted standards. JJB's Code of Business Ethics, the Supplier Code of Practice and the Factory Code of Conduct, which are set out on the JJB corporate website www.jjbcorporate.co.uk, have been accepted by JJB's principal suppliers and source manufacturers. The Codes are based upon the internationally accepted principles of the Ethical Trading Initiative Base Code of Labour Standards and the Model Code of Conduct devised by the World Federation of the Sporting Goods Industry.

JJB cares about the labour standards within its global supply chain and expects its suppliers to demonstrate similar concerns. In order to obtain assurance that the factories used by JJB's suppliers and source manufacturers comply with the Factory Code of Conduct and so promote sustained improvement in factory working conditions, a factory inspection methodology is in operation. The factory inspection process ends with follow-up inspections to ensure the Factory Code of Conduct is being adhered to.

The majority of JJB's products are purchased from the UK subsidiaries of major international suppliers who generally source their products in the Far East. Through regular meetings with suppliers JJB tries to ensure that those manufacturing units have comprehensive compliance procedures and good working practices in place.

JJB applies the same level of corporate social responsibility commitment towards all of its own workplaces, thereby ensuring a safe and healthy, yet challenging and rewarding work environment. JJB has a Code of Business Ethics, a Health and Safety Policy, an Equal Opportunities Policy and a Whistle-blowing policy, together with high standards of employment practice. These policies, together with store work procedures, are set out in the Retail Operations Manual at each workplace. They are considered to be effective in achieving their stated aims.

The Group's policies are designed to value the human rights of all employees, whether directly employed, sub-contracted or employed within the supply chain.

Environmental impact
The Board takes into account the environmental impact of its decisions in the decision-making process. JJB's environmental management system operates in conjunction with the risk management framework covering core business management processes and has 5 environmental principles:
> Reduce adverse environmental impacts arising from the Group operations.
> Ensure effective and efficient use of materials and energy.
> Operate a waste management system to minimise waste and maximise waste recovery.
> Ensure compliance with relevant environmental laws and codes of best practice.
> Incorporate the principle of sustainable development through a systematic approach to environmental management in order to achieve continual improvement.

The Board's policy is to source energy-efficient plant for its new retail stores wherever possible. In association with The Carbon Trust, the Board is committed to a Carbon Management Programme which aims to reduce the Group's carbon footprint and point the way towards achieving a carbon neutral position.

The Board is committed to reducing the Group's landfill waste from all its operations. During the year to 25 January 2009, JJB recycled 39 tonnes of paper which would otherwise have been sent to landfill.

Wherever possible, cardboard (the major packaging constituent in the business) and plastic are baled and passed to a recycling business for reprocessing. During the year to 25 January 2009, JJB recycled plastic totalling 265 tonnes. The recycling of cardboard fell for the second year in succession to 3,091 tonnes (2008:3,781 tonnes). This further reduction in cardboard recycling is a reflection of the reduced usage of packaging by JJB Sports and the use of recycled tubs to transfer stock to stores.

Social and community issues

JJB values the relationships with both its customers and the wider community. The Group provides a valuable service to the community by supplying a wide range of competitively priced sports clothing, footwear and accessories through its retail stores to enable the general public to take part in healthy, sporting activities.

JJB continues to support local and national charities as well as supporting local sporting teams. Currently, we provide two of our sites rent free to registered charities (our Leigh site to Wigan and Leigh Hospice and a site in Dundee to DEBRA).

A summary of the principal amounts of money raised for charities during the accounting year through JJB activities is given below:

> £13,000 was raised for Macmillan Cancer Relief through the sale of football badges and discounts on sporting leisurewear. Since the campaign began in 1999 over £1.2 million has been donated to this charity.

> £16,500 was raised for Breakthrough Breast Cancer during Breast Cancer Awareness month in October 2008 through sales of Adidas pink ribbons.

Corporate social responsibilities within JJB

JJB continues to be selected for inclusion in the FTSE4Good Index which is designed to measure the performance of companies that meet globally recognised corporate social responsibility standards and to facilitate investment in those companies.

Employment issues

The Group employs approximately 7,000 people throughout the UK and overseas and is proud of its record as a responsible and valued employer. JJB is an equal opportunities employer and as such the following key values are respected throughout JJB's operations:

> All employees should be treated fairly and equally and the workplace should be free from discrimination, harassment and intimidation;

> Recruitment, retention and progression of employees is based solely on personal ability and competency for the work in question; and

> Disabled persons should enjoy equal opportunities within the workplace. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee training

Staff training and development is a major priority for JJB. The Group financially supports those employees wishing to obtain relevant professional qualifications whilst in its employment. Professional staff are encouraged to attend training courses and career progression is available to employees across the Group.

Driver training is provided to employees using fork lift trucks and other handling equipment, in order to improve safety in the Distribution Centre.

Employee consultation

The Group places considerable value on the involvement of its employees in matters affecting them as employees. JJB has continued the practice of keeping employees informed on such matters and on the various factors affecting the performance of the Group. This is achieved through regular meetings involving Directors, managers and supervisory staff to convey information about the business as well as via the Company magazine and notice boards.

The GMB Union are accepted by the Company to negotiate collective bargaining on behalf of hourly paid staff within the Distribution centre.

Employee Sharesave plan

The Group operates a Sharesave plan which is open to all employees with over 12 months' service with the Group. The first (and at present only) invitation under the plan was made in September 2007 at an option price of 169 pence per ordinary share. As at 25 January 2009, the plan had 315 members. Under the plan, employees can save up to a monthly limit of £250 and are given an option to buy ordinary shares in JJB at the end of 3 or 5 years at a discount of 20% of the market value of the ordinary shares at the date of grant. There are no performance conditions attached to these options.

Governance
Board of Directors

01	05
02	06
03	07
04	

Executive Directors

01 Sir David Jones CBE, FCCA, FCIS
Executive Chairman
Sir David Jones, aged 66, was appointed Executive Chairman on 2 January 2009. He is responsible both for ensuring that the Board functions effectively and also for general strategic issues. Sir David became a Non-executive Director of the Company on 1 October 2007 and was appointed as Non-executive Deputy Chairman on 15 October 2008. He has had a long career in the retail industry, notably as Chief Executive and later Executive Chairman of Next plc. He was until recently Chairman of Littlewoods' Shop Direct Group and has previously been a Non-executive Director and later Non-executive Deputy Chairman of Wm. Morrison Supermarkets plc. He is a Non-executive Director and Chairman of Cotton Traders Ltd as well as being a director of a number of other small private companies.

02 Lawrence Coppock FCA
Finance Director
Lawrence, aged 57, was appointed to the JJB Board on 18 May 2009. He is a Chartered Accountant and brings with him a wealth of multi-site retail experience, having been Finance Director of B&Q plc and MFI Group plc. He is a member of the PricewaterhouseCoopers Turnaround Director Panel.

03 Richard Manning LLB (Hons), MBA, Solicitor
Legal and Operations Director and Company Secretary
Richard Manning, aged 44, was appointed to the JJB Board on 25 March 2009, having been acting General Counsel since 7 January 2009. In addition to his duties as Company Secretary and General Counsel, he is responsible for HR, property and property-related issues, IT and warehousing and distribution. Prior to joining JJB, Richard was Company Secretary and latterly a director of GCap Media plc and GWR Group plc.

04 Colin Tranter
Director of Retail and Product
Colin Tranter, aged 63, was appointed to the JJB Board on 18 May 2009. He has had 43 years' experience in retailing and buying, working at Marks & Spencer, ETAM and most notably as Merchandise Director within GUS Mail Order and as Managing Director, Grattan Far East.

Non-executive Directors

05 Roger Lane-Smith
Deputy Chairman and Non-executive Director
Roger Lane-Smith, aged 63, was appointed Non-executive Deputy Chairman on 2 January 2009, having served as JJB's Chairman since July 2005 and as a Non-executive Director since November 1998. He is currently a Non-executive Director of MS International plc, WH Ireland Group plc, Dolphin Capital Investors plc, Timpsons plc and a number of other private companies. He was previously Senior Partner and Chairman of DLA Piper UK LLP, the law firm, from 1998 to 2005 and was appointed a Senior Consultant to the practice in May 2005. He will not be seeking re-election at the Company's forthcoming AGM, having served as a Non-executive Director for over ten years, and will stand down from the Board at the conclusion of that meeting.

06 David Beever
Senior Independent Non-executive Director
David Beever, aged 67, was appointed as a Non-executive Director on 7 March 2000. He is also a Non-executive Director of Premier Foods plc. He was previously Chairman of KPMG Corporate Finance and a Vice-Chairman of SG Warburg & Co. Ltd and was also Chairman of London & Continental Railways. He will not be seeking re-election at the Company's forthcoming AGM having served as a Non-executive Director for over nine years, and will stand down from the Board at the conclusion of that meeting.

07 Alan Benzie FCA
Independent Non-executive Director
Alan Benzie, aged 62, was appointed as a Non-executive Director on 3 August 2007. Alan was Chairman of KPMG in the North of England until his retirement in 2003 and is now Chairman of the North West legal firm, DWF. He is also a Non-executive Director of Ask Developments Ltd and is Chairman of the Board of Governors of Manchester Metropolitan University.

Note: The Directors named above comprise all of the Directors of JJB at the date of this report. For details of other Directors who served during the year under review, see the Corporate Governance report on pages 15 to 21. All of the above directors, with the exception of Roger Lane-Smith and David Beever, will be seeking election or re-election at the forthcoming AGM.

Governance
Board Committees

The current members of the three principal Committees of the Board are as set out below.

Audit Committee
Alan Benzie (Committee Chairman)
David Beever
Roger Lane-Smith

Remuneration Committee
Roger Lane-Smith (Committee Chairman)
David Beever
Alan Benzie

Nominations Committee
Roger Lane-Smith (Committee Chairman)
David Beever
Alan Benzie
Sir David Jones

Notes:
> Sir David Jones was a member of the Audit and Remuneration Committees during the year under review, but stepped down from these Committees upon his appointment as Executive Chairman on 2 January 2009. He remains a member of the Nominations Committee and it is intended that he will chair this Committee following the forthcoming Annual General Meeting.

> Roger Lane-Smith was appointed to the Audit Committee with effect from 2 January 2009.

> The terms of reference of these Committees are summarised in the Corporate Governance report on pages 15 to 21 and on JJB's corporate website, www.jjbcorporate.co.uk. Updated terms of reference are being prepared.

> Richard Manning is secretary of each of these Committees. Jon Ashby was secretary of each of the Committees during the accounting period.

Governance
Corporate Governance report

The current Board of JJB is fully committed to high standards of corporate governance. This report explains how the Company has applied the principles set out in the Combined Code on Corporate Governance published by the Financial Reporting Council in June 2006 ("the Code") and the extent to which it has complied with the detailed provisions of the Code. A copy of the Code can be found at www.frc.org.uk/corporate/combinedcode.cfm.

Compliance
The Board considers that the Company has complied with the provisions set out in Section 1 of the Code throughout the year under review, except as follows:

> Code provision A.2.1 states that the roles of Chairman and Chief Executive should not be exercised by the same individual. Since 2 January 2009 Sir David Jones has held the position of Executive Chairman, which the Board considers to be appropriate in light of the Company's recent financial difficulties. The Chief Executive was suspended on 20 January 2009 and dismissed on 25 March 2009. Since the latter date, there has been no Chief Executive. This position will be kept under review and in due course it is intended that the separate role of Chief Executive will again be created.

> Code provision A.3.2 requires that at least half the Board, excluding the Chairman, should comprise Non-executive Directors who are determined by the Board to be independent. As a result of the timing of Board changes during and after the year under review, for the periods from 28 January to 1 May 2008 and from 5 January to 3 April 2009 the Board did not comprise the requisite number of Non-executive Directors. At the date of this report, the Company is in compliance with the Code provision since it is now classified (for the purpose of the Code) as a smaller company, having been so throughout the year ended January 2009.

> Code provision B.2.1 stipulates that the Company Chairman may be a member of the Remuneration Committee, but may not chair that Committee. During the period from 25 January 2008 to 2 January 2009 Roger Lane-Smith was both Non-executive Chairman of the Company and chairman of the Remuneration Committee. Since there were at least three other experienced, independent Non-executive Directors on the Committee during this period, his chairmanship of the committee was not considered to be inappropriate. Since 2 January 2009 the Company has complied with this provision.

The Board
The Board currently comprises seven directors: an Executive Chairman, three other Executive Directors and three Non-executive Directors. Their names, roles and brief biographical details are provided on page 13.

All of the Non-executive Directors are considered by the Board to be independent and have no cross-directorships or significant links which could materially interfere with the exercise of their independent judgement. Roger Lane-Smith and David Beever have served more than ten and nine years respectively on the Board of JJB and neither is offering himself for re-election at the forthcoming AGM.

Certain Non-executive Directors have links with advisers engaged by JJB: Roger Lane-Smith was senior partner at DLA Piper UK LLP, solicitors, from 1998 to 2005, and remains a Senior Consultant with DLA and David Beever was until recently a member of the Advisory Board of KPMG. The remaining members of the Board believe that the fees paid to these firms are not such as to interfere with the independent character, judgement and integrity of the Directors concerned.

Sir David Jones is a Non-executive Director and Chairman of Cotton Traders Ltd, a supplier to JJB. Notwithstanding this appointment, he was considered by the Board to be independent until his appointment as Executive Chairman on 2 January 2009.

With effect from 1 October 2008, a director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The Board will be adopting appropriate processes to manage any such conflicts following the necessary amendments to the Company's Articles of Association. These amendments are being proposed at the forthcoming Annual General Meeting ("AGM"). Full details are set out in the Notice of AGM and related explanatory notes.

Governance
Corporate Governance report continued

The Directors
During the year, and since the end of the year but prior to the date of this report, the following changes in Board membership and individual roles have taken place:
> On 1 May 2008 David Greenwood resigned as Finance Director. As part of his severance arrangements, he agreed to remain employed by the Company until 31 May 2009, although he has not performed an executive or senior management role since his resignation.
> On 15 October 2008 Barry Dunn resigned as Director of Property.
> On 2 January 2009 Sir David Jones, a Non-executive Director and the Deputy Chairman, was appointed as Executive Chairman. Roger Lane-Smith, who had previously been Non-executive Chairman, took on the role of Deputy Chairman.
> On 5 January 2009 Peter Williams was appointed as Executive Director with particular responsibility for strategic development. With effect from 3 April 2009, he also assumed responsibility for financial affairs. Peter Williams was appointed on an interim basis and resigned from this role with effect from 31 May 2009.
> On 25 March 2009 Chris Ronnie, who had been Chief Executive, was dismissed as a Director following his earlier suspension on 20 January 2009.
> On 25 March 2009 Richard Manning was appointed as Legal Director and Company Secretary. He now holds the post of Legal and Operations Director and continues to act as Company Secretary.
> On 3 April 2009 David Madeley resigned as Finance Director.
> On 18 May 2009 Lawrence Coppock was appointed as Finance Director and Colin Tranter was appointed as Director of Retail and Product.

All Directors are subject to retirement by rotation and re-election by the Company's shareholders in accordance with the Articles of Association. All new Directors appointed by the Board are required to be elected by shareholders at the first AGM following their appointment. Subsequently, at each AGM one-third of the Directors (or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one third) must retire, but will be eligible for re-election. As noted above, Roger Lane-Smith and David Beever will not be seeking re-election at the forthcoming AGM, each having served more than nine years as a Director. All of the other Directors will be seeking election or re-election at the AGM. The reasons why the Board believes that each of these continuing Directors should remain in office are set out in the explanatory notes to the Notice of AGM.

As noted in the Chairman's Statement, the Board has commenced a search for four new Non-executive Directors.

The Company maintains liability insurance for its directors and officers and the level of cover is reviewed annually.

Performance Evaluation
Despite the number of changes in the composition of the Board during the year and the Company's recent financial difficulties, board performance evaluation, albeit informal, was conducted during the year under review. It is intended that a formal evaluation will be conducted during the current financial year.

How the Board Operates
The Board is responsible for the direction, management and performance of the Company. It determines corporate strategy and reviews both financial and operational performance against forecasts. The Board is the decision-making body for all matters material to the Group in strategic, financial and reputational terms. The Board has a formal schedule of matters specifically reserved to the Board for decision, including approval of the financial results, strategy and corporate objectives, significant transactions and matters affecting share capital. The Board is in the process of revising this schedule. The Board delegates certain powers to a number of committees within written terms of reference.

Full and timely access to all relevant information is provided to all Directors via comprehensive Board papers, which are circulated in good time ahead of Board meetings. These include regular and up-to-date management accounts, detailed trading information, reports from Executive Directors and papers on major issues for decision by the Board.

There is an established procedure whereby any Director may, in the furtherance of his duties, have access to independent professional advice and services at the Group's expense. The Chairman ensures that Board procedures are followed and that the Board seeks independent advice whenever necessary.

The Company Secretary, Richard Manning, is responsible for advising the Board on all governance matters and all Directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the Board to decide. The Company Secretary acts as secretary to the Board and all of its principal committees.

All newly appointed Directors will receive a tailored induction when they join the Board or a Committee. The continuing professional development needs of each Director will be reviewed and, where appropriate, relevant training will be made available.

Board and Committee Meetings

The Board normally holds approximately 10 scheduled Board meetings each year, but during the period under review, owing to the intense activity required as a result of the issues faced by the Company during the year, the Board met 30 times.

The following table shows the number of Board and Committee meetings held during the year and the attendance record of the individual Directors holding office during the period. The maximum number of meetings a Director could attend as a Board/Committee member is shown in brackets.

Number of meetings	Board of Directors 30	Audit Committee 2	Remuneration Committee 3	Nominations Committee 1
Sir David Jones	28 (30)	2 (2)	3 (3)	1 (1)
R. Lane-Smith	28 (30)	– (–)	3 (3)	1 (1)
D.M.M. Beever	20 (30)	2 (2)	3 (3)	– (1)
A.A.E. Benzie	25 (30)	2 (2)	3 (3)	1 (1)
B.J.K. Dunn[1]	6 (6)	–	–	–
J.D. Greenwood[2]	1 (1)	–	–	–
D.P. Madeley[3]	26 (30)	–	–	–
C. Ronnie[4]	27 (30)	–	–	–
P. Williams[5]	10 (10)	–	–	–

Notes:
[1] Resigned on 15 October 2008.
[2] Resigned as a Director on 1 May 2008.
[3] Resigned on 3 April 2009.
[4] Dismissed on 25 March 2009.
[5] Appointed on 5 January 2009.

Board Committees

The Board has established three principal Board Committees to which it has delegated certain of its responsibilities. Each operates within clearly defined terms of reference which are available at www.jjbcorporate.co.uk and are in the course of being updated. These Committees are described overleaf.

Governance
Corporate Governance report continued

Audit Committee

The Audit Committee met twice during the year. The Committee is chaired by Alan Benzie, who, until his retirement in 2003, was chairman of KPMG in the North of England. The other Committee members are currently David Beever and Roger Lane-Smith. Sir David Jones had been a member up until his appointment as Executive Chairman on 2 January 2009 and Roger Lane-Smith was appointed with effect from that date. Senior executives and the Group's external auditors also attend meetings of the Committee at the invitation of the Committee chairman.

The Committee's responsibilities include:
> Monitoring the integrity of the Group's financial statements.
> Reviewing the effectiveness of the Group's internal controls, risk management systems and financial reporting processes.
> Reviewing the independence and objectivity of the external auditors, the services they provide, and the scope of their audit work and related fees, along with a review of their reported findings.
> Making recommendations to the Board on the appointment, retirement and removal of the external auditors.

Remuneration Committee

The Remuneration Committee met three times during the year. The Committee is chaired by Roger Lane-Smith and the other members are currently David Beever and Alan Benzie. Sir David Jones had been a member up until his appointment as Executive Chairman on 2 January 2009.

The Committee's responsibilities include:
> Determining the overall Group remuneration policy.
> Determining the individual remuneration packages of Executive Directors based on their performance during the year and giving guidance on remuneration packages for senior executives.
> Making incentive awards under the Company's various incentive plans.
> Approving disclosures relating to executive remuneration in the Annual Report.
> Agreeing the terms of service agreements for Executive Directors.

Further details about Directors' remuneration are set out in the Directors' Remuneration report on pages 25 to 31.

Nominations Committee

The Nominations Committee met once during the year. The Committee is chaired by Roger Lane-Smith and the other members are currently David Beever, Alan Benzie and Sir David Jones. It is proposed that Sir David Jones chairs this Committee following the forthcoming AGM.

The Committee's responsibilities include:
> Reviewing the structure, size and composition of the Board.
> Making recommendations to the Board regarding any changes to the Board's composition.
> Identifying and nominating (for Board approval) candidates to fill any vacancies on the Board.
> Reviewing succession plans for both Executive and Non-executive Directors.
> Reviewing the membership of Board Committees.

The process for appointing new Directors involves creating a short-list of potential candidates for any vacant position. This is done by the Chairman of the Committee after discussions with a range of senior retail trade executives and professional advisers. External search consultants are engaged where appropriate. These candidates are then interviewed by the members of the Committee before the Committee makes the decision who to nominate to the Board as their preferred candidate for the vacant position.

Internal Control and Risk Management

Notwithstanding the weaknesses referred to later in this section of the report, the Board has applied Code provision C.2.1 which requires that it should, at least annually, conduct a review of the effectiveness of the Group's system of internal controls and should report to shareholders that they have done so. It also requires the review to cover all material controls, including financial, operational and compliance controls and risk management systems. This process has been in place from the start of the year to the date of approval of the Financial statements.

Furthermore, Code provision C.3.5 states that the Audit Committee should monitor and review the effectiveness of a company's internal audit activities. Where there is no internal audit function, the Committee should consider annually whether there is a need for an internal audit function and make a recommendation to the Board, and the reasons for the absence of such a function should be explained in the relevant section of the Annual Report.

The Financial Reporting Council published revised guidance for Directors on Internal Control (previously known as the Turnbull Guidance) in October 2005.

The Company does not currently have an internal audit function. As the year has progressed, and also following the departure of certain Board members, it has been recognised that there are areas where systems of internal control need to be strengthened to improve the overall effectiveness of the management of the Group. Specifically, these areas include:

> *Forecasting of profits and cash flows of the Group.*
> Management reporting, including external due diligence on potential acquisitions.
> Strengthening internal controls over:
  – use of Company assets;
  – identification of related party transactions; and
  – approval of Directors' expenses (see the Directors' Remuneration report, page 29).
> Full Board scrutiny and approval over all material contractual arrangements, acquisitions and disposals.

The Board retains full responsibility for the Group's system of internal controls, in conjunction with the Audit Committee. Following discovery of the control deficiencies noted above, the Company is now developing an internal control framework encompassing both its financial and non-financial controls, the effectiveness of which will in future be regularly reviewed by the Board and by senior executives. This framework, and the steps set out below, will form an important part of the process of embedding internal control and risk management into the operations of the Company's business.

Steps that have been or are being taken include:

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

Any system of internal control can only provide reasonable and not absolute assurance that all significant business risks will be fully mitigated. However, by ensuring that the system of internal control reflects the risk environment in which the Group operates, the new systems should provide adequate assurance that the principal risks facing the Group are properly managed.

Governance
Corporate Governance report continued

Staff can raise concerns regarding any impropriety over financial reporting or other matters through a "whistle blowing" policy. The Board is taking steps to improve this process.

It is the Board's firm intention that the risk management processes and internal controls will henceforth be continuously reviewed for effectiveness and assessed by them as part of their executive responsibilities. The Board believes this will provide the ability to promptly identify and appropriately respond to areas of material concern.

The Board also takes into consideration any matters raised by the Audit Committee. The Audit Committee will review in detail both the effectiveness and level of resources available within the Group to manage risk and monitor control efficiency of the new internal audit function.

Auditor Independence
Deloitte LLP have reported to the Audit Committee that, in their professional judgement, they are independent and that the objectivity of the audit partner and audit staff is not impaired. The Audit Committee has reviewed this report and agrees with its conclusion and is satisfied that Deloitte LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained. The Audit Committee is aware that providing audit and non-audit advice could lead to a potential conflict of interest. In order to ensure the continued independence and objectivity of the external auditors, there is an established policy regarding the provision of non-audit services.

Relations with Shareholders
The Group is committed to maintaining an active dialogue with shareholders in order to build a mutual understanding of its objectives. The Board invites institutional shareholders and analysts to briefings after the announcement of the Company's interim and annual results. There is also regular dialogue with individual institutional investors, fund managers and analysts. The current Senior Independent Non-executive Director, David Beever, is available to act as a conduit to the Board for communication of shareholder concerns when other channels of communication are inappropriate.

The Board encourages communication with private shareholders through publication of the interim and annual results. In addition, the Board issues trading updates at the time of the AGM in July and after Christmas, together with an interim management statement during every half year.

The AGM is used as an opportunity to gather the views of shareholders and to answer the questions of both private and institutional investors on all issues relevant to the Group. Save in exceptional circumstances, all Directors attend the Company's AGM and the chairmen of the Board's Audit, Remuneration and Nominations Committees are available to answer shareholders' questions regarding the activities of those Committees.

The Group's website, www.jjbcorporate.co.uk, also includes an area dedicated to corporate information, including annual and interim reports, press releases, share price histories, Group news and certain Group policy documents.

Going Concern
As part of the Group's restructuring and refinancing, the CVA proposal (as described in note 45) was implemented on 29 May 2009 and the Company subsequently moved to new financing arrangements (see note 25) on 3 June 2009. BoS has provided a £25,000,000 revolving working capital facility which terminates on 30 September 2010 and Barclays has provided a £25,000,000 short term loan, which will be repaid progressively as the deferred consideration proceeds from the disposal of the fitness clubs business are received and must be repaid in full by 31 August 2009.

In considering the financing requirements of the Group, the Directors have assumed that: (i) largely all of the deferred consideration of approximately £33.9 million payable, after the deduction of certain costs, expenses and other agreed amounts, by Dave Whelan Sports Ltd, the purchaser of the fitness clubs business, to the Company is released from escrow to the Company by no later than 31 August 2009; (ii) the Company's new business strategy is executed in accordance with its latest business plan for the Group; and (iii) the Company executes its objective of reducing the financing required by the business as its funding position stabilises.

The Directors have reviewed trading and cash flow forecasts as part of their going concern assessment which take into consideration the uncertainties in the current operating environment. The Directors are aware that there are material uncertainties facing the business which are as follows:

(i) future trading may not be in line with the assumptions in the Group's latest business plan (the achievability of which is dependent on (a) the ability of the Company to implement and execute its stock replenishment policy; (b) the current economic environment; and (c) the implementation of cost reduction programmes) and forecast cash receipts from the sale of non-core assets (namely (a) from the disposal of the Group's remaining helicopter by the end of June 2009 and (b) from the disposal of the Group's rights to the Slazenger brand for golf products by the end of October 2009) may not be received, leading to future funding shortfalls and, consequently, potential breaches of the covenants in the £25 million medium term working capital facility with BoS; and.

(ii) the assignment of the leases in connection with the sale of the fitness clubs business may not proceed in line with the Directors' assumptions and, consequently, the deferred consideration of approximately £33.9 million payable by Dave Whelan Sports Ltd may not be released from escrow to the Company for the repayment of the £25 million short term loan to Barclays by 31 August 2009.

The Group is currently making good progress with 28 of the 53 leases already assigned and a further 20 are at an advanced stage. Each assignment, after the first 28, results in the release of approximately £1.36 million from escrow. If the Group faces a future funding shortfall (or a covenant breach as a result of a future funding shortfall), the Directors propose to provide the necessary additional funding through a number of initiatives, including: (i) a reduction in discretionary capital expenditure on existing stores, including the rescheduling of proposed store refurbishments; (ii) further business restructuring, including streamlining business processes; (iii) negotiation of improved terms of supplier credit; (iv) the sale and leaseback of all or part of the Company head office site; and (v) the sale of one or more of the Company's remaining non-core assets which include the two remaining fitness clubs in Ireland. Work on these initiatives has already commenced and initial indications are encouraging.

The Directors have concluded that the combination of these circumstances represent a material uncertainty which may cast significant doubt upon the Company's and the Group's ability to continue as a going concern and therefore the Company and Group may be unable to continue to realise assets and discharge liabilities in the normal course of business. Nevertheless after making enquiries, and considering the matters described above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements. This Annual Report does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

Sir David Jones
Executive Chairman
15 June 2009

Governance
Directors' report

Annual Report
The Directors of JJB Sports plc present their Annual Report on the affairs of the Group, together with the financial statements and auditors' report for the year ended 25 January 2009.

Principal Activities
JJB Sports is a sports retailer supplying high quality, branded sports and leisure clothing, footwear and accessories. Full details of the Group's activities can be found in the Business Review on pages 4 to 11.

Business Review
The Company is required by the Companies Act to include a Business Review in this report. The requisite information is included in the following sections, which are deemed to be incorporated into this report by reference:
> the Chairman's Statement on pages 2 to 3;
> the Business Review on pages 4 to 11;
> the Corporate Governance Report on pages 15 to 21; and
> the Directors' Remuneration Report on pages 25 to 31.

Events after the Year end
Details of important events affecting the Company occurring since the year end are set out in the Business Review on pages 4 to 11 and in note 45 of the Notes to the Financial statements.

Results and Dividends
Group losses after taxation and after exceptional items were £167.6 million (2008: Profit £9.6 million). The losses before exceptional items were £7 million (2008: Profit £34.3 million). No interim dividend was paid during the year and the Directors cannot recommend a final dividend for the period. The total dividend paid in respect of the year ended 27 January 2008 was 10 pence net per ordinary share.

Financial Instruments
Information on the Company's use of financial instruments, its financial risk management objectives and policies and the exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk is provided in the Business Review on pages 4 to 11 and in note 42 of the Notes to the Financial statements.

Share Capital Structure
Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 29 of the Notes to the Financial statements. The Company has one class of ordinary shares that carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital.

Details of employee share schemes are set out in note 30 of the Notes to the Financial statements and in the Directors' Remuneration report on page 25 to 31. The provisions of the Company's share schemes and plans may cause options and awards granted under such schemes and plans to vest on a takeover.

On 20 October 2008 the Company announced a cash placing of 11,944,360 new JJB ordinary shares ("Placing Shares") which were to be issued credited as fully paid at a price of 28.5p per share. The Placing Shares, which equated to approximately 5% of the then current issued share capital of the Company of 238,887,500 ordinary shares, were placed with Sports Direct International plc. The Placing Shares were admitted to trading by the London Stock Exchange plc on its main market for listed securities at 8.00 am on 23 October 2008. The Placing Shares ranked and continue to rank pari passu in all respects with the existing JJB ordinary shares, including the right to receive all dividends and other distributions declared after the date of their issue.

Under its Articles of Association, the Company currently has authority to issue 331,600,000 ordinary shares. There are currently 250,831,860 ordinary shares of 5 pence each in issue. All issued shares are fully paid. No authority has been obtained from shareholders for the Group to purchase its own shares, although authority is being sought at the forthcoming Annual General Meeting ("AGM"). Full details are set out in the Notice of AGM and in the related explanatory notes.

On 29 April 2009 the Company's shareholders approved at a General Meeting the proposed granting of warrants to subscribe for 11,287,434 new ordinary shares of 5 pence each to Bank of Scotland plc ("BoS") (or an affiliate of BoS). In accordance with the terms of the BoS Facility, these warrants were issued to Uberior Trading Ltd, an affiliate of BoS, on 3 June 2009. Details concerning the issue of these warrants are set out in the Business Review on pages 4 to 11 and in note 25 of the Notes to the Financial statements. In addition, full details were provided to shareholders in a circular dated 6 April 2009.

Directors' Powers

Subject to any statutory provisions and the Company's Memorandum of Association, the Articles:
> enable the Directors to exercise all the powers of the Company;
> allow the Directors to delegate any of their powers, authorities and discretions to any Executive Director and to delegate any of their powers or discretions to committees consisting of one or more Directors;
> authorise the Company to purchase all or any of its own shares (subject to certain restrictions); and
> authorise the Directors to allot unissued shares or to grant options or rights of subscription or conversion over unissued shares.

The Directors are proposing the adoption of new Articles of Association at the forthcoming AGM. Details are set out in the Notice of AGM.

Directors

The names, roles and brief biographical details of the current Directors are set out on page 13. The names of other Directors who served during the year together with full details of Board changes are contained in the Corporate Governance Report on pages 15 to 21.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders at a general meeting and, as noted above, the Directors are proposing the adoption of new Articles of Association at the forthcoming AGM.

The interests of the Directors in the ordinary shares of the Company at the year end (together with details of any subsequent changes) are set out in the Directors' Remuneration Report on pages 25 to 31. In addition, details of all service agreements and letters of appointment entered into between the Company and the Directors are set out in the Directors' Remuneration report.

Details of related party transactions affecting the Directors are set out in note 44 of the Notes to the Financial statements.

Contracts

The Group confirms that there are no persons with whom the Group has contractual or other arrangements which the Group considers are essential to its business. Furthermore, there are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Substantial Shareholders

At the date of this report the Company has been notified, in accordance with the Disclosure and Transparency Rules, of the following interests (3% or more) in the voting rights attached to the Company's ordinary shares:

Name of holder	Number of shares in which there is an interest	Interest in issued share capital (%)
Crystal Amber Fund Limited	35,370,819	14.10%
Harris Associates LP	34,108,452	13.60%
JD Sports Fashion plc	25,058,100	9.99%
Standard Life Investment Limited	11,279,961	4.50%

Governance
Directors' report continued

Charitable and Political Donations
Charitable donations of £29,500 (2008: £32,700) were made by the Group during the year. Details are given in the Business Review on pages 4 to 11. No political donations or contributions were made during the year.

Supplier Payment Policy
The Group's policy for the payment of suppliers is to agree terms of payment with suppliers at the time when orders are placed. Payment is then made in accordance with the agreed terms. At 25 January 2009, the number of days' purchases included in the amounts owing to trade creditors in the Group and Company was 20 days (2008: 27 days), based on the ratio of trade creditors at the end of the accounting period to the amounts paid during the accounting period to trade creditors.

Statement as to Disclosure of Information to Auditors
Pursuant to section 234ZA (2) of the Companies Act 1985, each director of the Company confirms that (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and (b) that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. For these purposes, relevant audit information means information needed by the Company's auditors in connection with preparing their report set out on pages 33 to 34.

Annual General Meeting
Details of the Company's AGM to be held in 2009 are set out in the Notice of AGM sent to shareholders. Details of the items to be dealt with at the AGM can be found in the Notice of AGM, a copy of which is available on the Company's website.

By Order of the Board

Richard Manning
Company Secretary
15 June 2009

Governance
Directors' Remuneration report

Introduction
This report has been prepared in accordance with Schedule 7A of the Companies Act 1985 (the Act), the FSA's Listing Rules and the Combined Code. A resolution to approve this report will be proposed at the Company's forthcoming AGM.

This report contains unaudited and audited information in two sections. The Act requires the auditors to report on the audited information within the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Act.

Unaudited information

The Remuneration Committee
The terms of reference of the Remuneration Committee are summarised in the Corporate Governance report on pages 15 to 21. The names of the current members of the Remuneration Committee and the changes to membership made during the year are set out under 'Board Committees' on page 14.

No Director participates in the determination of his own remuneration package.

External Advisers
The Remuneration Committee has not appointed formal external advisers during the year, but has on occasions during the year taken advice from DLA Piper UK LLP, solicitors, in relation to the rules and operation of the Company's various schemes.

Remuneration Policy
Executive Directors

The remuneration of Executive Directors is determined by the Remuneration Committee, which also gives guidance on remuneration for senior executives and agrees policy for the whole Company. It is the Company's remuneration policy to seek to ensure that:
> its Executive Directors are fairly rewarded for their individual contributions to the Group's performance;
> their overall remuneration packages are competitive with those of comparable listed companies; and
> each Executive Director is incentivised to improve the Group's performance by means of a performance-related bonus and the award of share incentives.

Grants of share options and other awards to Executive Directors and senior executives are made at the discretion of the Remuneration Committee. Options are granted and awards made on the basis of individual performance.

Given the Company's current position and recent changes to the Board's composition, it is anticipated that the Remuneration Committee will be reviewing its remuneration policy during 2009. Details of any changes will be reported in next year's Annual Report.

Non-executive Directors

The remuneration of the Non-executive Directors is in the form of Directors' fees. The fee level is reviewed annually by the Board after consultation with the Executive Directors and after taking into account the performance of the Non-executive Directors and the levels of remuneration paid by comparable listed companies. Non-executive Directors do not receive any pension or other benefits from the Company, nor do they participate in any bonus, incentive or executive share option scheme.

Governance
Directors' Remuneration report continued

Executive Directors' Remuneration
The remuneration provided to the Executive Directors comprises a basic salary, a performance-related annual bonus, share options and share awards, certain taxable benefits and contributions made in lieu of pension contributions.

Basic Salary
The basic salaries of Executive Directors are set and reviewed annually by the Remuneration Committee. In determining salary levels, the Committee takes into consideration the levels of salaries of directors in similar sized listed companies. Salary levels are tailored to individual experience, responsibility and performance.

Performance-related Bonus
At the beginning of each new accounting period a bonus scheme is established. Up to and including the year under review, under that scheme, a bonus is paid if challenging profit performance targets are met. Part of any payment was deferred for a number of years (normally three) and only paid if the Director was employed by the Group at the end of that period.

The performance-related bonus approved by the Remuneration Committee for the year to 25 January 2009 was based upon a target of Group net profit (before tax and exceptional operating items) set at a higher level than the equivalent figure achieved in the previous year. Upon achievement of the target, a bonus equivalent to 100% of basic pay would be payable. However, the target was not met and therefore no bonuses under this scheme were paid or are payable to Executive Directors in respect of the year to 25 January 2009. No deferred bonus has been paid during the year under review to any Executive Director in respect of any prior year.

However, the Remuneration Committee agreed to pay David Madeley an exceptional bonus of £50,000 upon completion of the sale of five JJB Soccer Domes in February 2008 for £17.4 million. Save for this exceptional bonus paid to David Madeley, no bonuses were paid during the year.

Share Option Schemes and Long Term Incentive Plans
The Group operates the incentive schemes described below. No variation has been made to any performance conditions under these schemes during the accounting period. In each case, the performance conditions applied were selected because they were deemed appropriate and many other similar sized listed companies adopt these or similar conditions.

1999 Approved and Unapproved Share Option Schemes
The maximum value of options granted to any employee under the 1999 Approved Share Option Scheme is restricted to £30,000.

In addition, options may be granted under the 1999 Unapproved Share Option Scheme. The maximum number of options which may be granted is restricted (by value) to four times basic salary, less the value of any options granted under the 1999 Approved Share Option Scheme. The normal exercise period is three years, subject to satisfaction of performance conditions.

Details of options granted during the year are set out under 'Directors' Interests' below.

The exercise of options granted under the 1999 Approved and Unapproved Share Option Schemes is subject to performance conditions set by the Remuneration Committee upon grant or award. These require growth in the Company's earnings per share over three consecutive financial periods. The current performance condition is a target growth in the Company's earnings per share of more than 4% per annum, plus the percentage increase in the Retail Price index, over three consecutive financial periods. For the options to be exercisable in relation to half the shares comprised in any option, the increase in earnings per share is half the target growth. No options were exercisable during the year under review since the performance conditions were not met.

2006 Long Term Incentive Plan (LTIP)
Awards under the LTIP are made from time to time to Executive Directors over a specified number of shares. The award holder acquires rights over these shares at the beginning of the measurement period, but the shares are held in trust and vesting is conditional upon achievement of performance conditions by the end of the measurement period, usually three years.

No awards were made to any Executive Directors during the accounting period.

Conditional awards become unconditional when certain performance conditions are satisfied and then a participant will obtain absolute ownership of the related shares. The performance conditions set by the Remuneration Committee are split into two equal parts, each part being subject to different performance measures. One part is based upon achieving a target earnings per share during the three year period commencing on the date of the award under the LTIP. The second part is based upon total shareholder return measured against comparator companies over a three year period commencing on the date of the award. The comparator companies are as follows:

Marks & Spencer	Halfords	N Brown Group
Topps Tiles	French Connection	Blacks Leisure
Ted Baker	Next	JD Sports

No awards vested during the year under review since the performance conditions were not met.

Different performance conditions may be selected by the Remuneration Committee for future awards made under the LTIP, but if the performance conditions for future awards change, shareholders will be informed through the Directors' Remuneration Report.

2006 Unapproved Share Option Scheme

The number of ordinary shares over which options may be granted is based upon three times the current basic salary of the participant and the market price of the ordinary shares at the time of grant. The normal exercise period is three years.

No awards have been granted to any Executive Directors during the accounting period.

The exercise of options under this scheme is subject to a performance target requiring growth in the Company's profits of more than 4% per annum, plus the percentage increase in the Retail Price Index, over three years from the base year.

No options have been exercised during the year under review since the performance conditions were not met.

2007 Sharesave Plan

The 2007 Sharesave Plan is open to all Group employees (including the Executive Directors) with over 12 months' service. The Plan is approved by HMRC and comprises a Save As You Earn ("SAYE") savings contract. HMRC rules limit the maximum amount saved under the savings contract to £250 per month. Options are offered at a price calculated at the start of the 3 or 5 year term of the SAYE savings contract by applying a discount of 20% to the market price of JJB's ordinary shares. The options under the Sharesave Plan may normally be exercised during the period of 6 months after completion of the 3 or 5 year term of the SAYE savings contract.

No options have been granted during the period under review. Details of outstanding options under the 2007 Sharesave Plan are shown below under 'Directors' Interests'. No performance conditions apply to this plan.

Pensions

Certain of the Executive Directors who served during the year chose to make contributions to their own personal pension schemes and the Company contributed a similar amount into those schemes, limited to 10% of their basic salary. Other Directors chose to have an equivalent sum paid in cash.

Taxable Benefits

Executive Directors are eligible for taxable benefits, which include membership of a private medical scheme and the provision of a company car (with running costs, including private mileage) or the payment of an annual car allowance in equal monthly instalments.

Governance
Directors' Remuneration report continued

Performance Graph

The following graph shows the Group's Total Shareholder Return ("TSR") compared to the FTSE General Retail Index over the last 5 years (rebased to 31 January 2004). TSR is defined as the share price growth plus reinvested dividends. The index chosen for the comparison demonstrates the Group's TSR in comparison to the average for companies operating in the same sector.

Directors' Service Contracts and Letters of Appointment

Executive Directors' Service Contracts

The policy of the Remuneration Committee has been to provide Executive Directors with service contracts that have no fixed term and are terminable by either party on 12 months' notice. There are no specific provisions under which any Executive Director is entitled to receive compensation upon the early termination of his service contract other than in accordance with this notice period. In the event of early termination of an Executive Director's service contract, the Remuneration Committee will take account of the departing Director's duty to mitigate his loss when determining the amount of any compensation that is paid.

Details of these contracts are set out below:

Executive Directors at the year end	Date of contract
Sir David Jones	No written service contract
D.P. Madeley	3 December 2007
C. Ronnie	11 June 2007
P.W. Williams	No written service contract

Executive Directors leaving during the year	
B.J.K. Dunn	7 June 1996
D.J. Greenwood	10 November 1994

At the year-end or (if earlier) upon termination of their employment, B.J.K. Dunn, D.J. Greenwood, C. Ronnie and D.P. Madeley all had service contracts terminable on 12 months' notice by either party.

At the date of this report, Sir David Jones, R.D.J. Manning, L.P. Coppock and C.A Tranter have no written service contracts with the Company, although it is the intention of the Remuneration Committee that service contracts be put in place as soon as practicable. Service contracts for Executive Directors appointed after the year end will be based upon current best practice, with any individually agreed amendments. All of these four Directors will be standing for election or re-election at the forthcoming AGM.

Non-executive Directors' Letters of Appointment

The letters of appointment of all three Non-executive Directors provide for an initial term of 3 years and are terminable by either party on between 3 and 6 months' notice. Details of these letters are set out below:

Non-executive Directors	Date of Letter of Appointment
R. Lane-Smith	28 July 2005
D.M.M. Beever	20 May 2000
A.A.E. Benzie	16 August 2007

Sir David Jones' letter of appointment dated 25 September 2007 lapsed upon his appointment as Executive Chairman on 2 January 2009.

Executive Directors' External Appointments

Executive Directors may be invited to become Non-executive Directors of other companies. This is encouraged by the Board, provided no conflicts arise and the Executive Director's time commitment is not adversely affected. In these circumstances, the Executive Director is permitted to retain any fees paid to him for such an appointment. During the year under review, Sir David Jones received fees from external appointments with three private companies which on a pro rata basis amounted to £5,523 in respect of the period from 2 to 25 January 2009. P.W. Williams received fees from external appointments with two companies which on a pro rata basis amounted to £5,120 in respect of the period from 5 to 25 January 2009.

Audited information

Directors' Remuneration

Details of individual Directors' remuneration for the accounting period were as follows. All figures are £'000:

	Basic salary/fees	Performance-related bonus Shares	Performance-related bonus Cash	Taxable[8] benefits	Pension contributions	Compensation for loss of office	2009 Total	2008 Total
Executive Directors								
Sir David Jones[1]	54	–	–	–	–	–	**54**	–
D.P. Madeley[2]	265	–	50	49	26	–	**390**	55
C. Ronnie[3]	400	–	–	122	40	–	**562**	293
P.W. Williams[4]	56	–	–	–	–	–	**56**	–
Directors leaving the Board during the year								
B.J.K. Dunn[5]	205	–	–	60	18	82	**365**	282
J.D. Greenwood[6]	265	–	–	27	26	–	**318**	318
Non-executive Directors								
Sir David Jones[1]	160	–	–	–	–	–	**160**	46
R. Lane-Smith[7]	144	–	–	–	–	–	**144**	125
D.M.M. Beever	40	–	–	–	–	–	**40**	35
A.A.E. Benzie	45	–	–	–	–	–	**45**	18
Total 2009	**1,634**	**–**	**50**	**258**	**110**	**82**	**2,134**	**1,172**

Notes:

[1] Sir David Jones was appointed Executive Chairman on 2 January 2009 and was paid at a rate of £3,000 per day worked, paid to a third party company. As noted above, it is the intention that Sir David Jones will enter a service contract with the Company as soon as practicable. Included in the Non-executive Directors fees paid to Sir David Jones prior to 2 January 2009 is £124,000 (2008: £34,000) paid to a third party company in respect of consultancy fees.

[2] D.P. Madeley resigned from the Board and left employment on 3 April 2009. On cessation of his directorship and employment, D.P. Madeley received 12 months' remuneration and benefits totalling £318,141. An exceptional bonus was paid to D.P. Madeley for the successful completion of the sale of five JJB Soccer Domes in February 2008 for £17.4 million.

[3] C. Ronnie was suspended from his position as Chief Executive on 20 January 2009 and was dismissed from the Board on 25 March 2009. On cessation of his directorship and employment, C. Ronnie received no termination payment.

[4] P.W. Williams was appointed to the Board on 5 January 2009 and was paid at the rate of £3,000 per day worked.

[5] B.J.K. Dunn resigned from the Board and left employment on 15 October 2008. On cessation of his directorship and employment, B.J.K. Dunn received salary and benefits totalling £100,550 as compensation for loss of office in accordance with his service contract.

[6] J.D. Greenwood resigned as a Director on 1 May 2008 and ceased to be an employee on 31 May 2009. As part of his severance arrangements, he was paid the sum of £194,476 between the date of his resignation as a Director and the year end, equivalent to £265,000 p.a.

[7] R. Lane-Smith was appointed Deputy Chairman on 2 January 2009, having previously been Chairman. His fee as Deputy Chairman is £75,000 p.a. His fee as Chairman was £150,000 p.a.

[8] Following the end of the year, the Company has discovered that certain Executive Directors, none of whom is currently a director, received taxable benefits of which it was not aware at the year end, and in respect of which details are still being ascertained. The figures in the "Taxable benefits" column above include ascertained amounts in respect of car, fuel and health benefits together with, in the case of C. Ronnie, D.P. Madeley and B.J.K. Dunn, estimates for unascertained amounts, which have not, at the date of this report, been agreed with either HMRC or the Executive Director concerned. The Company is currently in discussion with HMRC regarding the treatment of these unascertained Taxable benefits and the benefits will be included on each relevant Executive Director's P11D for 2008/2009.

Governance
Directors' Remuneration report continued

Directors' Interests

A. Share Options and Share Awards

Directors' beneficial interests in the Company's share option and award schemes at the beginning and end of the accounting period (or on appointment if later) were as follows:

		Number of ordinary shares						
Executive Directors at the year end	Scheme	As at 28 January 2008	Granted during period	Lapsed during period	As at 25 January 2009	Exercise price per share (pence)	Date from which exercisable	Exercise expiry date
D.P. Madeley	2006 Unapproved	–	350,000	–	350,000	114.75	07.05.11	06.05.18
	2006 Unapproved	–	350,000	–	350,000	19.00	09.10.11	08.10.18
Total		–	700,000	–	700,000			
C. Ronnie	2006 Unapproved	656,019	–	–	656,019	154.34	13.11.10	12.11.17
	2006 Unapproved	–	550,000	–	550,000	19.00	09.10.11	08.10.18
Total		656,019	550,000	–	1,206,019			
Executive Directors leaving during the year								
B.J.K. Dunn	1999 Unapproved	125,000	–	125,000	–	253.00	26.05.07	25.05.14
	2006 LTIP	347,621	–	115,873	231,748	0.00	03.08.09	04.07.11
	2007 Sharesave	2,272	–	2,272	–	169.00	01.11.10	01.05.11
Total		474,893	–	243,145	231,748			
J. D. Greenwood	1999 Unapproved	175,000	–	–	175,000	253.00	26.05.07	25.05.14
	2006 LTIP	423,928	–	–	423,928	0.00	03.08.09	04.07.11
	2007 Sharesave	5,680	–	–	5,680	169.00	01.11.10	01.05.11
Total		604,608		–	604,608			
Grand total		**1,735,520**	**1,250,000**	**243,145**	**2,742,375**			

Of the 700,000 share options held by D.P. Madeley at the year end, 643,744 share options lapsed following his resignation, leaving 56,256 exercisable, subject to performance conditions.

All of the share options held by C. Ronnie lapsed upon his dismissal, following the year end.

None of the Directors who served during the year exercised any options or awards during the accounting year or between the end of the accounting year and the date of this report.

Sir David Jones and Mr. P.W. Williams, who served as Executive Directors during the year, were not granted share options or awards during the accounting year or between the end of the accounting year and the date of this report.

The market price of the Company's ordinary shares on Friday 23 January 2009 was 6.09 pence and the range during the accounting period was 2.85 pence to 132.25 pence.

B. Ordinary Shares

The interests of the Directors and their connected persons in the ordinary shares of the Company at the beginning of the accounting period (or date of appointment if later) and at the end of the accounting period are set out below:

Directors at the year end	25 January 2009 Number of ordinary shares Beneficial	25 January 2009 Number of ordinary shares Non-beneficial	28 January 2008 Number of ordinary shares Beneficial	28 January 2008 Number of ordinary shares Non-beneficial
Sir David Jones	200,000	–	–	–
R. Lane-Smith	250,000	–	150,000	–
D.M.M. Beever	154,751	–	84,751	–
A.A.E. Benzie	90,000	–	40,000	–
D.P. Madeley	–	–	–	–
C. Ronnie	–	–	–	34,496,474
P. W. Williams	–	–	–	–
Directors leaving during the year				
B.J.K. Dunn	–	–	–	–
J. D. Greenwood	498,531	–	498,531	–

There have been no changes in the Directors' interests since the end of the accounting period and the date of this report.

None of the Directors appointed after the year end have any share interests in the Company.

On behalf of the Board

Roger Lane-Smith
Chairman of the Remuneration Committee
15 June 2009

Governance
Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and have also elected to prepare financial statements for the Company in accordance with IFRSs. Company law requires the Directors to prepare such financial statements in accordance with IFRSs, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

Directors are also required to:
> properly select and apply accounting policies;
> present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
> provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 1985.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Directors' Responsibility Statement
We confirm to the best of our knowledge that:
1. the financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

Sir David Jones
Executive Chairman
and Company Secretary
15 June 2009

R.D.J. Manning
Legal and Operations Director
15 June 2009

Financial statements
Independent auditors' report to the members of JJB Sports plc

For the 52 weeks to 25 January 2009

We have audited the group and parent company financial statements (the "Financial statements") of JJB Sports plc for the 52 week period ended 25 January 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated reconciliation of movements in equity, the Consolidated and Parent Company Balance sheets, the Consolidated and Parent Company Cash Flow Statements, the Statement of Accounting policies and the related notes 1 to 45. These Financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement and the Business Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance report reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration report, the Chairman's statement, the Business Review and the Corporate Governance report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration report to be audited.

Financial statements
Independent auditors' report to the members of JJB Sports plc continued

For the 52 weeks to 25 January 2009

Opinion

In our opinion:

> the Group Financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 25 January 2009 and of its loss for the 52 week period then ended;
> the parent Company Financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 25 January 2009;
> the Financial statements and the part of the Directors' Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
> the information given in the Directors' Report is consistent with the Financial statements.

Emphasis of matter – Going concern

In forming our opinion on the Financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the statement of accounting policies to the financial statements concerning the Group's and Company's ability to continue as a going concern. These include the following material uncertainties:

(i) future trading may not be in line with the assumptions in the Group's latest business plan (the achievability of which is dependent on (a) the ability of the Company to implement and execute its stock replenishment policy; (b) the current economic environment; and (c) the implementation of cost reduction programmes) and forecast cash receipts from the sale of non-core assets (namely (a) from the disposal of the Group's remaining helicopter by the end of June 2009 and (b) from the disposal of the Group's rights to the Slazenger brand for golf products by the end of October 2009) may not be received, leading to future funding shortfalls and, consequently, potential breaches of the covenants in the £25 million medium term working capital facility with Bank of Scotland plc; and

(ii) the assignment of the leases in connection with the sale of the fitness clubs business may not proceed in line with the Directors' assumptions and, consequently, the deferred consideration of approximately £33.9 million payable by Dave Whelan Sports Ltd may not be released from escrow to the Company for the repayment of the £25 million short term loan to Barclays Bank plc by 31 August 2009.

These conditions, along with other matters explained in the statement of accounting policies to the Financial statements, indicate the existence of material uncertainties which may cast significant doubt about the group's and company's ability to continue as a going concern. The Financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Separate opinion in relation to IFRSs

As explained in the Statement of accounting policies to the Group Financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the Group Financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 25 January 2009 and of its loss for the 52 week period then ended.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
15 June 2009

Financial statements
Consolidated income statement
For the 52 weeks to 25 January 2009

		Note	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Continuing operations				
Revenue		3	**718,281**	811,754
Cost of sales			**(353,696)**	(405,642)
Gross profit			**364,585**	406,112
Other operating income		3	**5,676**	3,314
Distribution expenses			**(29,542)**	(28,619)
Administration expenses			**(37,716)**	(35,413)
Selling expenses			**(481,666)**	(334,099)
Operating (loss) profit			**(178,663)**	11,295
Operating (loss) profit is stated after (charging) crediting				
Provision for restructuring of retail store chain			**(20,742)**	(24,970)
Other vacant store provision			**(8,770)**	–
			(29,512)	(24,970)
Goodwill impairment			**(82,275)**	–
Impairment of fitness club fixed assets			**(49,260)**	–
Impairment of businesses in administration			**(8,695)**	–
Re-organisation costs			**(3,175)**	–
Net loss on disposal of intangibles			**(339)**	–
Net gain on disposal of property, plant and equipment			**8,745**	1,996
Impairment of intangible assets			**(2,150)**	–
Impairment of loan and investment in associated undertaking			**(4,923)**	–
Loss on sale of assets held for resale			**(114)**	–
		5	**(171,698)**	(22,974)
Investment income		8	**10,239**	11,551
Other gains and losses		9	**1,989**	–
Finance costs		10	**(22,704)**	(12,442)
Finance costs are stated after charging				
Exceptional bank arrangement fees and charges		10	**(10,974)**	–
Share of results of associated undertaking			**(103)**	396
(Loss) profit before taxation			**(189,242)**	10,800
Taxation		11	**21,686**	(1,170)
(Loss) profit after taxation for the period attributable to equity holders of the parent company			**(167,556)**	9,630
Basic (loss) earnings per ordinary share	Pence	14	**(69.19)**	4.07
Diluted (loss) earnings per ordinary share	Pence	14	**(69.19)**	4.07
Adjusted basic (loss) earnings per ordinary share	Pence	14	**(3.53)**	10.89

Financial statements
Consolidated statement of recognised income and expense

For the 52 weeks to 25 January 2009

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

Consolidated reconciliation of movements in equity

For the 52 weeks to 25 January 2009

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

Financial statements
Consolidated balance sheet
As at 25 January 2009

	Note	As at 25 January 2009 £'000	As at 27 January 2008 £'000
Non-current assets			
Goodwill	15	**106,406**	187,834
Other intangible assets	16	**24,600**	25,417
Property, plant and equipment	17	**162,044**	198,272
Investment in associated undertaking	19	**750**	1,677
Loan to associated undertaking	19	**–**	4,000
		293,800	417,200
Current assets			
Inventories	20	**70,569**	114,984
Trade and other receivables	21	**38,381**	45,412
Current asset investments	22	**171,954**	196,217
Cash and cash equivalents	23	**40,638**	14,199
Current tax receivable		**–**	1,536
		321,542	372,348
Total assets		**615,342**	789,548
Current liabilities			
Trade and other payables	24	**(101,334)**	(110,874)
Current tax liability		**(1,494)**	–
Bank loans	25	**(75,000)**	–
Loan notes	25	**(168,117)**	(168,117)
Provisions	26	**(32,404)**	(22,656)
		(378,349)	(301,647)
Net current (liabilities) assets		**(56,807)**	70,701
Non-current liabilities			
Bank loans	25	**–**	(56,355)
Deferred tax liabilities	27	**(2,682)**	(24,237)
Deferred lease incentives	28	**(43,894)**	(39,950)
Provisions	26	**(5,786)**	(2,304)
		(52,362)	(122,846)
Total liabilities		**(430,711)**	(424,493)
Net assets		**184,631**	365,055
Equity			
Share capital	29	**12,542**	11,944
Share premium account	31	**174,055**	171,248
Capital redemption reserve	32	**1,069**	1,069
Investment in own shares	33	**(3,083)**	(3,083)
Share based payment reserve	34	**635**	680
Foreign currency translation reserve	35	**338**	(1,211)
Retained earnings	36	**(925)**	184,408
Equity attributable to shareholders of the parent		**184,631**	365,055

The Financial statements were approved by the Board of Directors and authorised for issue on 15 June 2009.
They were signed on its behalf by:

Sir D. Jones
Executive Chairman

R.D.J. Manning
Legal and Operations Director

Financial statements
Consolidated cash flow statement

For the 52 weeks to 25 January 2009

	Note	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Net cash inflow from operating activities	38	**37,859**	46,349
Cash flows from investing activities			
Interest received		**10,239**	11,263
Dividend received from available-for-sale investment		**–**	288
Purchase of subsidiary		**(22,211)**	(31)
Net proceeds on disposal of property, plant and equipment		**23,799**	5,146
Net proceeds on disposal of intangible assets		**–**	153
Purchase of goodwill		**–**	(339)
Purchase of intangible assets	16	**(3,338)**	(182)
Purchase of property, plant and equipment	17	**(45,532)**	(27,277)
Investment in associated undertaking		**–**	(1,281)
Sale/(purchase) of available-for-sale investments		**28,534**	(26,545)
Sale of assets held for resale		**3,531**	–
Net cash used in investing activities		**(4,978)**	(38,805)
Financing activities			
Interest paid		**(11,585)**	(12,399)
Dividends paid		**(16,657)**	(23,605)
Proceeds from issues of share capital		**3,405**	1,899
Net proceeds from bank loans		**24,620**	23,500
Repayment of bank loan		**(6,120)**	–
Loan to associated undertaking		**–**	(4,000)
Net cash used in financing activities		**(6,337)**	(14,605)
Net increase (decrease) in cash and cash equivalents		**26,544**	(7,061)
Cash and cash equivalents at beginning of period		**14,199**	23,566
Effect of foreign exchange rate changes		**(105)**	(2,306)
Cash and cash equivalents at end of period	23	**40,638**	14,199

Financial statements
Company balance sheet
As at 25 January 2009

	Note	As at 25 January 2009 £'000	As at 27 January 2008 £'000
Non-current assets			
Goodwill		–	340
Other intangible assets	16	**24,598**	25,417
Property, plant and equipment	17	**145,358**	181,753
Investments in subsidiaries	18	**168,574**	249,660
Investment in associated undertaking	19	**750**	1,281
Loan to associated undertaking	19	–	4,000
		339,280	462,451
Current assets			
Inventories	20	**59,676**	96,109
Trade and other receivables	21	**31,729**	42,079
Current asset investments	22	**171,954**	196,217
Cash and cash equivalents	23	**36,594**	12,583
Current tax receivables		-	5,666
		299,953	352,654
Total assets		**639,233**	815,105
Current liabilities			
Trade and other payables	24	**(283,169)**	(283,692)
Current tax liability		**(1,318)**	–
Bank loans	25	**(75,000)**	–
Loan notes	25	**(168,117)**	(168,117)
Provisions	26	**(24,853)**	(17,857)
		(552,457)	(469,666)
Net current liabilities		**(252,504)**	(117,012)
Non-current liabilities			
Bank loans	25	-	(56,355)
Deferred tax liabilities	27	**(2,787)**	(23,883)
Deferred lease incentives	28	**(41,156)**	(36,896)
Provisions	26	**(5,010)**	(1,829)
		(48,953)	(118,963)
Total liabilities		**(601,410)**	(588,629)
Net assets		**37,823**	226,476
Equity			
Share capital	29	**12,542**	11,944
Share premium account	31	**174,055**	171,248
Capital redemption reserve	32	**1,069**	1,069
Investment in own shares	33	**(3,083)**	(3,083)
Share based payment reserve	34	**635**	680
Retained (losses) earnings	36	**(147,395)**	44,618
Total equity		**37,823**	226,476

The Financial statements were approved by the Board of Directors and authorised for issue on 15 June 2009.
They were signed on its behalf by:

Sir D. Jones
Executive Chairman

R.D.J. Manning
Legal and Operations Director

Financial statements
Company cash flow statement
For the 52 weeks to 25 January 2009

	Note	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Net cash from operating activities	38	**27,761**	56,287
Investing activities			
Interest received		**10,231**	11,222
Dividend received from available-for-sale investment		**–**	288
Purchase of subsidiary		**(12,423)**	(31)
Net proceeds on disposal of property, plant and equipment		**19,499**	3,314
Net proceeds on disposal of intangible assets		**–**	153
Purchase of goodwill		**–**	(339)
Purchase of intangible assets	16	**(3,328)**	(182)
Purchase of property, plant and equipment	17	**(43,337)**	(26,380)
Investment in associated undertaking		**–**	(1,281)
Sale (purchase) of available-for-sale investments		**28,534**	(26,545)
Proceeds on disposal of assets held for resale		**3,551**	–
Net cash used in investing activities		**2,727**	(39,781)
Financing activities			
Interest paid		**(11,725)**	(12,392)
Dividends paid		**(16,657)**	(23,605)
Proceeds from issues of share capital		**3,405**	1,899
Net proceeds from bank loans		**24,620**	23,500
Repayment of bank loan		**(6,120)**	–
Loan to associated undertaking		**–**	(4,000)
Net cash used in financing activities		**(6,477)**	(14,598)
Net increase in cash and cash equivalents		**24,011**	1,908
Cash and cash equivalents at beginning of period		**12,583**	10,675
Cash and cash equivalents at end of period	23	**36,594**	12,583

Financial statements
Statement of accounting policies

For the 52 weeks to 25 January 2009

Accounting period
Every accounting period ends on the Sunday which falls on or before, but closest to 31 January, resulting in accounting periods of either 52 or 53 weeks.

Adoption of new and revised Standards
In the current year, two interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 IFRS 2 – Group and Treasury Share Transactions and IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The adoption of these Interpretations has not let to any changes in the Group's accounting policies.

At the date of authorisation of these Financial statements, the following Standards and Interpretations which have not been applied in these Financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (amended)	Share-based Payment – Vesting Conditions and Cancellations
IFRS 3 (revised 2008)	Business Combinations
IFRS 7 (amended)	Financial Instruments: Disclosures
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 23 (revised 2007)	Borrowing Costs
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 32 (amended)	Financial Instruments: Presentation
IAS 39 (amended)	Financial Instruments: Recognition and Measurement
IFRIC 12	Service Concession Arrangements

The Directors anticipate that, with the exception of IAS 23 (revised 2007) *Borrowing Costs*, the adoption of these Standards and Interpretations in future periods will have no material impact on the Financial statements of the Group.

In the Financial statement for 52 weeks to 27 January 2008 the Group had elected to adopt IFRS 8 *Operating Segments* in advance of its effective date. This Standard is effective for accounting periods beginning on or after 1 January 2009.

Basis of preparation
The Financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"s). The Financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group Financial statements comply with Article 4 of the EU IAS Regulation.

Going concern
As part of the Group's restructuring and refinancing, the CVA proposal (as described in note 45) was implemented on 29 May 2009 and the Company subsequently moved to new financing arrangements (see note 25) on 3 June 2009. BoS has provided a £25,000,000 revolving working capital facility which terminates on 30 September 2010 and Barclays has provided a £25,000,000 short term loan, which will be repaid progressively as the deferred consideration proceeds from the disposal of the fitness clubs business are received and must be repaid in full by 31 August 2009.

In considering the financing requirements of the Group, the Directors have assumed that: (i) largely all of the deferred consideration of approximately £33.9 million payable, after the deduction of certain costs, expenses and other agreed amounts, by Dave Whelan Sports Ltd, the purchaser of the fitness clubs business, to the Company is released from escrow to the Company by no later than 31 August 2009; (ii) the Company's new business strategy is executed in accordance with its latest business plan for the Group; and (iii) the Company executes its objective of reducing the financing required by the business as its funding position stabilises.

The Directors have reviewed trading and cash flow forecasts as part of their going concern assessment which take into consideration the uncertainties in the current operating environment. The Directors are aware that there are material uncertainties facing the business which are as follows:

(i) future trading may not be in line with the assumptions in the Group's latest business plan (the achievability of which is dependent on (a) the ability of the Company to implement and execute its stock replenishment policy; (b) the current economic environment; and (c) the implementation of cost reduction programmes) and forecast cash receipts from the sale of non-core assets (namely (a) from the disposal of the Group's remaining helicopter by the

Financial statements
Statement of accounting policies continued
For the 52 weeks to 25 January 2009

end of June 2009 and (b) from the disposal of the Group's rights to the Slazenger brand for golf products by the end of October 2009) may not be received, leading to future funding shortfalls and, consequently, potential breaches of the covenants in the £25 million medium term working capital facility with BoS; and

(ii) the assignment of the leases in connection with the sale of the fitness clubs business may not proceed in line with the Directors' assumptions and, consequently, the deferred consideration of approximately £33.9 million payable by Dave Whelan Sports Ltd may not be released from escrow to the Company for the repayment of the £25 million short term loan to Barclays by 31 August 2009.

The Group is currently making good progress with 28 of the 53 leases already assigned and a further 20 are at an advanced stage. Each assignment, after the first 28, results in the release of approximately £1.36 million from escrow. If the Group faces a future funding shortfall (or a covenant breach as a result of a future funding shortfall), the Directors propose to provide the necessary additional funding through a number of initiatives, including: (i) a reduction in discretionary capital expenditure on existing stores, including the rescheduling of proposed store refurbishments; (ii) further business restructuring, including streamlining business processes; (iii) negotiation of improved terms of supplier credit; (iv) the sale and leaseback of all or part of the Company head office site; and (v) the sale of one or more of the Company's remaining non-core assets which include the two remaining fitness clubs in Ireland. Work on these initiatives has already commenced and initial indications are encouraging.

The Directors have concluded that the combination of these circumstances represent a material uncertainty which may cast significant doubt upon the Company's and the Group's ability to continue as a going concern and therefore the Company and Group may be unable to continue to realise assets and discharge liabilities in the normal course of business. Nevertheless after making enquiries, and considering the matters described above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements. This Annual Report does not include any adjustments that would result in the going concern basis of preparation being inappropriate.

The Financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation
The Financial statements incorporate the Financial statements of the Company and entities controlled by the Company (its subsidiaries), together making up the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to be able to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to capital reserve in the period of acquisition.

The results of subsidiaries acquired or disposed of during the accounting period are included in the Consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the Financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

No Income statement is presented for JJB Sports plc, as permitted by Section 230 of the Companies Act 1985.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the profit or loss and is not subsequently reversed.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP carrying amounts subject to being tested for impairment at the end of every accounting period including the date of transition.

Investments in associated undertakings
An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these Financial statements using the equity method of accounting. Investments in associates are carried in the Balance sheet at cost as adjusted by post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit or loss in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Financial statements
Statement of accounting policies continued
For the 52 weeks to 25 January 2009

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, as follows:

Freehold land and buildings	50 years
Leasehold improvements	over the period of the lease
Plant and equipment	5 to 25 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Impairment of tangible and intangible assets excluding goodwill and brand licence intangible assets
At every Balance sheet date, a review of the carrying amounts of the tangible and intangible assets, excluding goodwill and brand licence intangible assets, is performed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which have not been reflected in the cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised in the profit or loss.

Brand licence intangible assets
All brand licence intangible assets that are internally generated are not recorded on the Balance sheet.

The Group and Company only carry brand licence intangible assets on the Balance sheet that have been acquired. Acquired brands are carried at cost on the Balance sheet. Subject to an impairment review, no amortisation is charged on those brand licence intangible assets which the Board believes have an indefinite life. The cost of those brands which have a finite life are amortised over the period during which the Group and Company has the use of the brand.

The Group and Company each carries out an impairment review on the brand licence intangible assets, at least annually, or when a change in circumstances or situation indicates that those assets have suffered an impairment loss. Impairment is measured by comparing the carrying amount of an intangible asset with the 'recoverable amount' that is the higher of its fair value less costs to sell and its 'value in use'. 'Value in use' is calculated by discounting the expected future cash flows, using a discount rate based on an estimate of the rate that the market would expect on an investment of comparable risk.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the FIFO (first in first out) method. Net realisable value represents the estimated

selling price less all estimated costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or damaged items where appropriate.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at the amount of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the Balance sheet date, and are discounted to present value where the effect is material.

Share based payments
The Group has applied the requirements of IFRS 2 Share based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The Group issues equity-settled share based payments to certain employees. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the date of the grant of the equity-settled share based payments is expensed on a straight- line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, returns, VAT and other sales related taxes.

In the case of goods sold through the retail stores, revenue is recognised when goods are sold and the title has passed.

Revenue also includes income generated from the provision of sports and leisure facilities at the Group's fitness clubs. This revenue is recognised in the accounting period during which the facility is made available to members of the fitness clubs. Revenue from joining fees are contributions to cover costs of the administration of new members and are credited to revenue in the accounting period of the receipt of that revenue.

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Exceptional items
Exceptional items are items that are unusual because of their size, nature or incidence and which the Group's management considers should be disclosed separately to enable a full understanding of the Group's results.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Financial statements
Statement of accounting policies continued
For the 52 weeks to 25 January 2009

The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee
Rentals payable under operating leases are charged as an expense on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Retirement benefit costs
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to State-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Foreign currencies
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each Balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the Balance sheet date. Gains and losses arising on retranslation are recognised in the Consolidated income statement for the period in which the gain or loss arises except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the Balance sheet date. Income and expense items are translated at the average exchange rates for the accounting period. Exchange differences arising are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed of. Differences arising from prior periods have been frozen.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling-denominated assets and liabilities.

Taxation
The taxation expense represents the sum of the tax currently payable and deferred tax.

The taxation currently payable is based upon the taxable profit for the accounting period. Taxable profit differs from net profit as reported in the Consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments
Financial assets and financial liabilities are recognised in the Group's Balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets
Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
> it has been acquired principally for the purpose of selling in the near future; or
> it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short- term profit-taking; or
> it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Available-for-sale financial assets ("AFS")
Shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in retained earnings. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in retained earnings is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial statements
Statement of accounting policies continued
For the 52 weeks to 25 January 2009

Financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments
The Group has previously entered into derivative financial instruments to manage its exposure to foreign exchange rate risk, which comprise foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial statements
Notes to the Financial statements
For the 52 weeks to 25 January 2009

1. General information
JJB Sports plc is a company incorporated in the United Kingdom. The address of the registered office is given on page 98 of the Annual Report. The nature of the Group's operations and its principal activities are set out in the Business Review on pages 4 to 11 of the Annual Report.

2. Critical judgements in applying the Group's and the Company's accounting policies
In the application of the Group's accounting policies, which are described in the Statement of accounting policies on pages 41 to 48, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial statements.

Going concern
Going concern is a critical judgement; refer to pages 41 to 42.

Impairment of goodwill
The calculation for considering the impairment of the carrying amount of goodwill requires a comparison of the present value of the retail operating units for which goodwill has been allocated, to the value of goodwill in the Consolidated balance sheet. The calculation of present value requires an estimation of the future pre-tax cash flows expected to arise from the retail operating units and the selection of a suitable discount rate.

Following the impairment review, an impairment charge of £79,499,000 was recognised, in the period ended 25 January 2009, (2008: £178,000) relating to the former Sports Division stores, £933,000 in respect of the Lifestyle Division (2008: £nil) and £1,843,000 in respect of Golf TV Ltd (2008: £nil). The carrying amount of goodwill in the Consolidated balance sheet at 25 January 2009 was £106,406,000 (2008: £187,834,000) see note 15 for further details.

Impairment of subsidiary undertakings (including businesses in administration) and associated undertaking
The calculation for considering the impairment of the carrying value of subsidiary undertakings requires a comparison of the present value of the retail operating units within the subsidiary undertakings to the value of those subsidiary undertakings in the Company balance sheet. The calculation of present value requires an estimation of the future pre-tax cash flows expected to arise from the retail operating units and the selection of a suitable discount rate.

The carrying amount of subsidiary undertakings in the Company balance sheet at 25 January 2009 was £175,599,000 (2008: £249,660,000) and following the impairment review, an impairment charge of £79,499,000 in respect of Blane Leisure Ltd, £12,167,000 in respect of the Lifestyle Division and £1,843,000 in respect of Golf TV Ltd, was necessary in the accounting period of 52 weeks to 25 January 2009 (2008: £nil).

The carrying amount of the associated undertaking at 25 January 2009 was £750,000 (2008: £1,677,000) following an impairment charge of £927,000 (2008: £nil) and the loan to associated undertaking was £nil (2008: £4,000,000), following an impairment charge of £4,000,000 (2008: £nil).

Provision for restructuring of retail store chain and other property provisions
The Group provided £20,742,000 at 25 January 2009 in respect of the restructuring of its retail store chain which included a provision in respect of the costs expected to be incurred in exiting the lease agreements of the stores which were closed in April 2008. These costs have been estimated as to the length of time necessary to exit the leases and the scale of any lump sums found to be necessary to achieve the exit. The estimates are based upon available information and knowledge of the property market. The ultimate costs to be incurred in this regard may vary from the estimates.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

3. Revenue
An analysis of revenue is as follows:

	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Continuing operations		
Revenue from retail operations	**645,577**	745,474
Revenue from fitness clubs	**72,704**	66,280
Income from sales of goods	**718,281**	811,754
Other operating income	**5,676**	3,314
Investment income	**10,239**	11,551
Total revenue	**734,196**	826,619

4. Business segments
In the prior period, the Group adopted IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

The accounting policies of the reportable segments are set out in the Statement of accounting policies on pages 41 to 48. Segmental operating profit represents the profit earned by each segment before central administration costs including Directors' salaries, exceptional operating items, investment income, finance costs and the share of results of the associated undertaking.

Revenues from major products and services and information about major customers
Information regarding the above is required by IFRS 8 (32 and 34) but is not given in these Notes to the Financial statements because of the nature of the Group's business. The Group's two principal activities, being the retailing of a wide range of sports clothing, footwear and equipment and of the operation of fitness clubs, are reported in the segments shown below and therefore the disclosure of revenues from major products is not appropriate and as the Group's revenue is derived from sales to the general public, then it has no major customers.

Geographical segments
The Group's reporting format is by business segment. Although the Group operates in two geographic segments, the UK and Eire, neither the revenue from sales to external customers nor the value of net assets within Eire represent more than 10% of Group totals.

4. Business segments (continued)

Operating segments

Information regarding the Group's operating segments is reported below.

Consolidated income statement	Segmental information for the 52 weeks 25 January 2009 Retail operations £'000	Fitness clubs £'000	Consolidated £'000
Revenue	645,577	72,704	718,281
Gross profit	294,302	70,283	364,585
Location net operating expenses before operating items	(281,272)	(54,351)	(335,623)
Operating profit before central costs and exceptional items	13,030	15,932	28,962
Central administration costs			(35,927)
Operating loss before exceptional operating items			(6,965)
Exceptional operating items (see note 5)			(171,698)
Operating loss			(178,663)
Investment income			10,239
Finance costs			(22,704)
Other gains and losses			1,989
Share of results of associated undertaking			(103)
Loss before taxation			(189,242)
Taxation			21,686
Loss after taxation			(167,556)

Other information	Retail operations £'000	Fitness clubs £'000	Cost centre £'000	Consolidated £'000
Purchase of property, plant and equipment	21,667	19,407	4,470	45,544
Purchase of intangible assets	–	–	3,346	3,346
Depreciation of property, plant and equipment	10,147	6,655	3,980	20,782
Impairment of goodwill, intangibles, property, plant and equipment*	104,677	40,476	2,150	147,303
Amortisation of intangible assets	–	14	1,988	2,002
Consolidated balance sheet				
Segment assets	465,118	1,315	148,909	615,342
Segment liabilities	400,189	30,093	429	430,711

* The impairment includes; £79,499,000 for Blane Leisure Ltd (2008: £nil); the impairment of fitness club fixed costs of £49,260,000; impairment of businesses in administration £9,628,000 (2008: £nil); the impairment of the Travelfox brand £2,150,000 (2008: £nil); the impairment of KooGa of £4,923,000 (2008: £nil); and the impairment of Golf TV of £1,843,000 (2008: £nil).

Following the disposal of the fitness clubs and the attached stores the value of the fixed assets at 25 January 2009 were found to have been impaired and an impairment charge has been made of £49,260,000 (2008: £nil), of which £40,476,000 relates to fitness clubs and £8,784,000 to retail operations (see note 17).

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

4. Business segments (continued)

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

Other information	Retail operations £'000	Fitness clubs £'000	Cost centre £'000	Consolidated £'000
Purchase of property, plant and equipment	8,754	14,618	3,905	27,277
Purchase of intangible assets	–	14	168	182
Depreciation of property, plant and equipment	10,177	6,099	3,333	19,609
Impairment of goodwill, property and equipment	6,312	–	–	6,312
Amortisation of intangible assets	–	6	1,988	1,994
Consolidated balance sheet				
Segment assets	558,010	108,583	122,955	789,548
Segment liabilities	391,109	30,578	2,806	424,493

5. Exceptional items

	Group 52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Provision for restructuring of retail store chain (see note 26)	**20,742**	24,970
Provision for the closure of stores (see note 26)	**8,770**	–
Goodwill impairment[1] (see note 15)	**82,275**	–
Impairment of fitness club fixed assets[2] (see note 17)	**49,260**	–
Impairment of businesses in administration	**8,695**	–
Re-organisation costs[3]	**3,175**	–
Net loss on disposal of intangible assets	**339**	–
Net gain on disposal of other property, plant and equipment	**(8,745)**	(1,996)
Impairment of intangibles	**2,150**	–
Impairment of investment in associated undertaking	**4,923**	–
Net loss on disposal of assets held for resale	**114**	–
	171,698	22,974

[1] This is included within the retail segment.
[2] This is included within the fitness club segment.
[3] Principally professional fees.

6. (Loss) profit before taxation

(Loss) profit before taxation of the Group has been arrived at after charging:

	Continuing operations 52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Exceptional items (see note 5)	**171,698**	22,974
Amortisation of other intangible assets	**2,002**	1,994
Depreciation of property, plant and equipment	**20,782**	19,609
Staff costs (see note 7)	**132,229**	128,100
Auditors' remuneration	**293**	212
Profit on disposal of available-for-sale investment	**1,989**	–
Cost of inventories recognised as expense	**334,056**	397,725
Write down of inventories to net realisable value	**10,005**	2,976
Operating leases – plant and machinery	**4,643**	3,949
Operating leases – land and buildings	**105,194**	94,782

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

6. (Loss) profit before taxation (continued)
Auditors' remuneration
Amounts payable to Deloitte LLP and their associates by the Company and its subsidiary undertakings are set out below:

	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Fees payable to the Company's auditors with respect to the audit of the Company's annual accounts	**200**	80
Fees payable to the Company's auditors and their associates for other audit services to the Group:		
Audit to the Company's subsidiaries pursuant to legislation	**85**	45
Total audit fees	**285**	125
Non-audit fees:		
Corporate finance services	**–**	45
Tax services: advisory services	**8**	42
Total non-audit fees	**8**	87
	293	212

A description of the work of the Audit committee is set out in the Corporate Governance report on pages 15 to 21 of the Annual Report and on page 20 there is an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.

7. Staff costs
(a) The aggregate remuneration comprised:

	Group		Company	
	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Wages and salaries	**123,307**	119,261	**90,712**	96,979
Social security costs	**8,489**	8,122	**6,306**	6,718
Other pension costs (see note 43)	**433**	334	**433**	334
Share based payments	**–**	383	**–**	383
	132,229	128,100	**97,451**	104,414

7. Staff costs (continued)

(b) The average number of persons and their full time equivalents employed by the Group and Company during the accounting period (including Executive Directors) was as follows:

Group	Average number of employees 52 weeks to 25 January 2009 Number	52 weeks to 27 January 2008 Number	Full time equivalents 52 weeks to 25 January 2009 Number	52 weeks to 27 January 2008 Number
Sales and distribution	**12,706**	11,354	**7,390**	8,147
Administration	**733**	686	**733**	686
	13,439	12,040	**8,123**	8,833

Company	Average number of employees 52 weeks to 25 January 2009 Number	52 weeks to 27 January 2008 Number	Full time equivalents 52 weeks to 25 January 2009 Number	52 weeks to 27 January 2008 Number
Sales and distribution	**9,157**	8,911	**5,510**	6,451
Administration	**733**	686	**733**	686
	9,890	9,597	**6,243**	7,137

(c) Key management personnel

The remuneration of the Company's Directors and of the Associate Directors (who are not members of the Board), who are the key management personnel of the Group, is set out below in aggregate for each of the expense categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Company Directors is provided in the audited part of the Directors' Remuneration report on pages 25 to 31.

	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Short-term employee benefits	**3,891**	3,912
Post employment benefits	**314**	252
Termination benefits	**184**	1,129
Share based payments	**10**	190
	4,399	5,483

8. Investment income

	Group 52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Interest on bank deposits	**632**	925
Interest on loan note deposit	**9,377**	10,156
Interest on loan to associated undertaking	**230**	182
Dividend received from available-for-sale investment	**–**	288
	10,239	11,551

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

8. Investment income (continued)
Finance income earned on financial assets analysed by category of asset, is as follows:

	Group	
	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Loans and receivables (including cash and bank balances)	**10,239**	11,263
Available-for-sale investment	**–**	288
	10,239	11,551

9. Other gains and losses

	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Profit on disposal of available-for-sale investments	**1,989**	–

10. Finance costs

	Group	
	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Interest on bank overdrafts and loans	**3,292**	3,335
Interest on loan notes	**8,281**	9,055
Finance costs	**157**	52
Exceptional bank arrangement fees and charges	**10,974**	–
	22,704	12,442

11. Taxation

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

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

Exceptional items are considerably higher this year than in previous years; the taxation on these items is mentioned in note 14.

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

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

	Group 52 weeks to 25 January 2009 £'000	%	52 weeks to 27 January 2008 £'000	%
(Loss) Profit before taxation:	**(189,242)**		10,800	
Tax at the current UK corporation tax rate	**(53,555)**	**28.3**	3,240	30.0
Tax effect of expenses that are not deductible in determining taxable (loss) profit	**29,286**	**(15.5)**	237	2.2
Tax effect of unavailable losses	**2,197**	**(1.2)**	–	–
Tax effect of prior year UK corporation tax adjustments	**(366)**	**0.2**	109	1.0
Tax effect of share of results of associates	**29**	**0.0**	(119)	(1.1)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**723**	**(0.4)**	(216)	(2.0)
Tax effect of change of tax rates	**–**	**–**	(2,081)	(19.3)
Total taxation (credit) charge and effective tax rate for the period	**(21,686)**	**11.4**	1,170	10.8

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

12. Loss (profit) attributable to JJB Sports plc
As permitted under Section 230 of the Companies Act 1985, no separate Income statement is presented in respect of the Parent Company.

The loss after taxation for the accounting period dealt with in the Financial statements of the Parent Company, JJB Sports plc, was £174,236,000 (2008 profit: £235,000).

13. Dividends

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

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

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

	52 weeks to 25 January 2009		52 weeks to 27 January 2008	
	£'000	**(Loss) Earnings per share (pence)**	£'000	Earnings per share (pence)
(Loss) earnings for the purposes of basic (loss) earnings per ordinary share and diluted (loss) earnings per ordinary share being net (loss) profit attributable to equity holders of the parent	**(167,556)**	**(69.19)p**	9,630	4.07p
Exceptional items[1]	**182,672**	**75.43p**	22,974	9.70p
Taxation on exceptional items (net)	**(23,664)**	**(9.77)p**	(6,806)	(2.88)p
(Loss) earnings for the purposes of adjusted basic (loss) earnings per ordinary share being net (loss) profit attributable to equity holders of the parent before exceptional operating items, net of taxation	**(8,548)**	**(3.53)p**	25,798	10.89p

14. (Loss) earnings per share (continued)

		Number of ordinary shares (thousands)	
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per ordinary share and adjusted basic (loss) earnings per ordinary share		**242,169**	236,802
Effect of dilutive potential ordinary shares:			
Share options		**–**	53
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per ordinary share		**242,169**	236,855
Basic (loss) earnings per ordinary share	Pence	**(69.19)p**	4.07p
Diluted (loss) earnings per ordinary share	Pence	**(69.19)p**	4.07p
Adjusted basic (loss) earnings per ordinary share	Pence	**(3.53)p**	10.89p

[1] Exceptional items are represented by £171,698,000 as disclosed in note 5 and £10,974,000 as disclosed in note 10.

15. Goodwill

	Group £'000	Company £'000
Cost		
At 28 January 2007	257,145	255
Derecognised on release of deferred consideration	(786)	–
Additions	339	339
As at 27 January 2008	256,698	594
Additions	1,187	–
Disposals	(594)	(594)
At 25 January 2009	**257,291**	**–**
Accumulated impairment losses		
At 28 January 2007	68,686	76
Impairment loss for the period	178	178
At 27 January 2008	68,864	254
Impairment loss for period	82,275	–
Disposal	(254)	(254)
At 25 January 2009	**150,885**	**–**
Carrying amount		
At 25 January 2009	**106,406**	**–**
At 27 January 2008	187,834	340

The carrying value of Fitness First goodwill brought forward at the start of the period was £340,000 which has been written off in the current accounting period.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

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

	Group	
	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
JJB Sports plc	**–**	340
Blane Leisure Ltd	**101,854**	181,353
Sports Division (Eireann) Ltd	**4,552**	4,552
Golf TV Ltd	**–**	1,589
	106,406	187,834

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The following impairments have been made:

	Group	
	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Blane Leisure Ltd	**79,499**	–
Golf TV Ltd	**1,843**	–
Original Shoe Company Ltd	**548**	–
Qubefootwear Ltd	**385**	–
	82,275	–

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

The impairment calculation is sensitive to growth rates and also to the discount rate used in the calculation. For there to be no impairment, a growth rate in the forecast period of 13% would be required and if the impairment calculation had included 0% growth (rather than 1% growth), an additional impairment of £4.1 million would have been required. If the discount rate was increased by 1% then an additional impairment charge of £5.6 million would be required.

The pre-tax rate used to discount the cash flow forecasts is 6.3% (2008: 8.4%). This discount rate reflects management's estimate of the time value of money and risks specific to the CGU's for which future cash flow estimates have not been adjusted.

15. Goodwill (continued)

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

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

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

The accounting judgements and sources of estimation uncertainty involved in assessing any impairment loss are referred to in note 2.

16. Other intangible assets

Group	Brand licences £'000	Other intangible assets £'000	Total £'000
Cost			
At 28 January 2007	28,247	465	28,712
Additions	–	182	182
Disposals	(153)	(20)	(173)
At 27 January 2008	28,094	627	28,721
Additions	2,150	1,188	3,338
Acquisition of subsidiary undertaking	–	10	10
At 25 January 2009	**30,244**	**1,825**	**32,069**
Amortisation			
At 28 January 2007	1,172	143	1,315
Charge for the period	1,807	187	1,994
Eliminated on disposal	–	(5)	(5)
At 27 January 2008	2,979	325	3,304
Charge for the period	1,807	195	2,002
Impairment	2,150	13	2,163
At 25 January 2009	**6,936**	**533**	**7,469**
Carrying amount			
At 25 January 2009	**23,308**	**1,292**	**24,600**
At 27 January 2008	25,115	302	25,417

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

16. Other intangible assets (continued)

Company	Brand licences £'000	Other intangible assets £'000	Total £'000
Cost			
At 28 January 2007	28,247	465	28,712
Additions	–	182	182
Disposals	(153)	(20)	(173)
At 27 January 2008	28,094	627	28,721
Additions	2,150	1,178	3,328
At 25 January 2009	**30,244**	**1,805**	**32,049**
Amortisation			
At 28 January 2007	1,172	143	1,315
Charge for the period	1,807	187	1,994
Eliminated on disposal	–	(5)	(5)
At 27 January 2008	2,979	325	3,304
Charge for the period	1,807	190	1,997
Impairment	2,150	–	2,150
At 25 January 2009	**6,936**	**515**	**7,451**
Carrying amount			
At 25 January 2009	**23,308**	**1,290**	**24,598**
At 27 January 2008	25,115	302	25,417

Included within the cost value of brand licences at 25 January 2009 is a value of £10,023,000 in respect of the brand rights to the use of the "Slazenger" name on certain sports products which are held under a 999 year licence, of which 989 years remain (2008: 990 years). An impairment calculation was performed to estimate the present value of future cash flows expected to arise from this Brand. The key assumptions for this calculation were based on the gross profit on the sale of products which are branded Slazenger, for the 52 weeks to 25 January 2009, extrapolated over the next 15 years assuming no growth and a pre-tax weighted average cost of capital of 6.3% (2008: 8.4%). The period of the projected cash flows is longer than 5 years because of the length of the licence. The Directors believe the Slazenger brand licence to have a substantial life therefore no amortisation charge has been made at 25 January 2009 on the grounds of immateriality (2008: £nil).

Brand licences at 25 January 2009 also included a cost value of £18,071,000 in respect of the brand rights to the use of the Glasgow Rangers FC name on certain sports products, which is being amortised over the 10 year term of the licence on a straight-line basis, from 7 June 2006.

The Travelfox brand was acquired and impaired in the same year for £2,150,000 (2008: £nil).

The other intangible assets are amortised over their estimated useful lives, which is an average of 3 years.

17. Property, plant and equipment

Group	Freehold land and buildings £'000	Short leasehold property £'000	Plant and equipment £'000	Total £'000
Cost				
At 28 January 2007	17,756	20,612	293,954	332,322
Additions	–	704	26,573	27,277
Exchange differences	–	–	1,070	1,070
Disposals	–	(215)	(8,474)	(8,689)
At 27 January 2008	17,756	21,101	313,123	351,980
Additions	–	1,120	44,412	45,532
Exchange differences	–	–	2,248	2,248
Disposals	(7)	(5,010)	(48,764)	(53,781)
Acquisitions of subsidiary undertaking	–	2,511	8,730	11,241
At 25 January 2009	**17,749**	**19,722**	**319,749**	**357,220**
Accumulated depreciation				
At 28 January 2007	3,079	4,349	125,914	133,342
Charge for the period	341	764	18,504	19,609
Impairment	–	119	6,015	6,134
Exchange differences	–	–	162	162
Eliminated on disposals	–	(116)	(5,423)	(5,539)
At 27 January 2008	3,420	5,116	145,172	153,708
Charge for the period	341	952	19,489	20,782
Impairment	–	5,522	48,344	53,866
Exchange differences	–	–	535	535
Eliminated on disposals	(2)	(1,241)	(37,449)	(38,692)
Acquisition of subsidiary undertaking	–	836	4,141	4,977
At 25 January 2009	**3,759**	**11,185**	**180,232**	**195,176**
Carrying amount				
At 25 January 2009	**13,990**	**8,537**	**139,517**	**162,044**
At 27 January 2008	14,336	15,985	167,951	198,272

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

17. Property, plant and equipment (continued)

As described in note 15, an impairment review of Blane and of OSC and Qubefootwear (comprising the Lifestyle Division) cash generating units have been performed during the period, with the conclusion that no impairment, in respect of property, plant and equipment was required except for the following:

The fitness club cash generating unit was reviewed for impairment during the year, the recoverable value was identified as the fair value less cost to sell of £73,911,000. This resulted in an impairment charge of £49,260,000. An additional impairment charge of £4,606,000 was made in respect of the Lifestyle Division as the division was forecasting losses which subsequently led to it being placed into administration on 19 February 2009.

During the year the Group sold 5 soccerdomes which resulted in a profit on disposal and a reduction in the fixed asset carrying value.

Company	Freehold land and buildings £'000	Short leasehold property £'000	Plant and equipment £'000	Total £'000
Cost				
At 28 January 2007	17,359	18,392	250,366	286,117
Additions	–	704	25,676	26,380
Transfers to Group companies	–	–	(160)	(160)
Disposals	–	(50)	(6,942)	(6,992)
At 27 January 2008	17,359	19,046	268,940	305,345
Additions	–	1,068	42,269	43,337
Transfers to Group companies	–	–	(406)	(406)
Disposals	–	(4,280)	(41,388)	(45,668)
At 25 January 2009	**17,359**	**15,834**	**269,415**	**302,608**
Accumulated depreciation				
At 28 January 2007	2,845	3,412	99,530	105,787
Charge for the period	333	682	15,876	16,891
Impairment	–	5	5,074	5,079
Transfers to Group companies	–	–	9	9
Eliminated on disposals	–	(43)	(4,131)	(4,174)
At 27 January 2008	3,178	4,056	116,358	123,592
Charge for the period	333	586	16,260	17,179
Impairment	–	4,464	44,796	49,260
Transfers to Group companies	–	–	(370)	(370)
Eliminated on disposals	–	(812)	(31,599)	(32,411)
At 25 January 2009	**3,511**	**8,294**	**145,445**	**157,250**
Carrying amount				
At 25 January 2009	**13,848**	**7,540**	**123,970**	**145,358**
At 27 January 2008	14,181	14,990	152,582	181,753

18. Investments

Investments in subsidiaries

	Company £'000
Cost	
At 28 January 2007	291,535
Additions	31
Release of deferred consideration	(818)
At 27 January 2008	290,748
Additions	12,423
At 25 January 2009	**303,171**

Accumulated provision for impairment	
At 28 January 2007 and 27 January 2008	(41,088)
Charge for the period	(93,509)
At 25 January 2009	**(134,597)**

Carrying amount	
At 25 January 2009	**168,574**
At 27 January 2008	249,660

Goodwill of £237,000 which arose on the acquisition of a subsidiary in 1998, was written off against reserves in that accounting period.

The carrying value of investments in subsidiary undertakings has been reviewed for impairment at 25 January 2009. This review was carried out by making a comparison of the present value of the future pre-tax cash flows of the retail operating units within the subsidiary undertakings, to the value of those subsidiary undertakings in the Company balance sheet (see note 15). Following the impairment review, impairment charges were found to be necessary at 25 January 2009 (2008: £nil), as follows: £79,499,000 in respect of Blane, £12,167,000 in respect of the Lifestyle Division and £1,843,000 in respect of Golf TV Ltd.

The accounting judgements and sources of estimation uncertainty involved in assessing any impairment provision are referred to in note 2.

Details of the investments in subsidiaries whose results or financial position principally affect these Financial statements and are included within the Group numbers are as follows:

	Place of incorporation	Issued share capital held	Activity
Blane Leisure Ltd	Scotland	100%	Retailer of sportswear and sports equipment
Sports Division (Eireann) Ltd	Eire	100%	Retailer of sportswear and sports equipment
Golf TV Ltd	England	100%	Single interest television broadcaster, concentrating on golf
TV Sports Shop Ltd (formerly Golf TV Pro-Shop Ltd)	England	100%	Direct response marketing of golf and fitness products
Original Shoe Company Ltd *	England	100%	Retailer of branded lifestyle clothing and footwear
Qubefootwear Ltd *	Scotland	100%	Retailer of fashion footwear

Dormant and non-trading companies are not listed in the above table.

* In administration on 19 February 2009; see post balance sheet event note 45.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

19. Investment in associated undertaking

On 14 June 2007, the Company acquired 48% of the voting share capital of KooGa Rugby Ltd ("KooGa"), a company incorporated in England, for a consideration of £1,281,000. The business activity of KooGa is the manufacture of sporting apparel, principally for rugby. KooGa currently has a 31 January year end.

The Group uses the equity method of accounting for associated undertakings. At 25 January 2009 the assets, liabilities and results as shown in their management accounts are as follows:

Group Share of:	At 25 January 2009 £'000	At 27 January 2008 £'000
Total assets	**1,963**	3,587
Total liabilities	**(2,503)**	(3,442)
Net (liabilities)/assets	**(540)**	145
Revenue	**4,309**	4,388
(Loss)/profit before taxation	**(103)**	396

The Group made a loan of £4,000,000 to KooGa to finance its working capital requirements. This was to be repaid out of available profit, if any of the Associate.

Due to a diminishing trading relationship, management's best estimate of the recoverable amount of consideration for the shares in KooGa, together with the write-off of all debt and interest owing by KooGa, is £750,000.

Accordingly, the investment in KooGa and the loan and associated interest have been impaired during the period with a resulting impairment charge of £4,923,000 which is included in the retail operations of the segmental analysis in note 4.

20. Inventories

	Group		Company	
	25 January 2009 £'000	27 January 2008 £'000	25 January 2009 £'000	27 January 2008 £'000
Goods for resale	**70,569**	114,984	**59,676**	96,109

The net replacement value of inventories is not considered to be materially different from that stated in the Balance sheets.

21. Trade and other receivables

	Group 25 January 2009 £'000	Group 27 January 2008 £'000	Company 25 January 2009 £'000	Company 27 January 2008 £'000
Trade receivables	**6,133**	6,181	**5,417**	3,457
Allowance for doubtful debts	**(1,108)**	(889)	**(939)**	(745)
	5,025	5,292	**4,478**	2,712
Other receivables and prepayments	**33,356**	37,566	**23,099**	30,334
Amounts owed by subsidiary undertakings	–	–	**4,152**	6,479
Gain on forward exchange contracts	–	2,554	–	2,554
	38,381	45,412	**31,729**	42,079

No interest is charged on any trade receivables that are overdue. A provision has been made for the estimated irrecoverable amounts included in trade receivables. This provision has been determined by reference to past default experience and knowledge of the individual circumstances of certain debtors.

Before accepting any new customer, the Group and Company perform credit checks and review trade references in order to assess the potential customer's credit quality and then define credit limits by individual customer. Credit risk is managed on a regular basis in order to minimise the exposure by reviewing adherence to settlement terms. Credit limits and terms are only increased based on past settlements.

In determining the recoverability of any trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the accounting period. The concentration of credit risk is limited due to the varied customer base.

During the 52 weeks to 25 January 2009, special precautions were taken to minimise the credit risk associated with gift voucher companies as a result of trading experience with other such companies in earlier years.

The ageing of trade receivables are as follows:

	Group 25 January 2009 £'000	Group 27 January 2008 £'000	Company 25 January 2009 £'000	Company 27 January 2008 £'000
Neither past due nor impaired:				
0-30 days	**1,724**	4,052	**1,605**	1,653
Past due but not impaired:				
30-60 days	**1,237**	473	**1,110**	376
60-90 days	**389**	118	**385**	101
90-120 days	**48**	100	**42**	45
120+ days	**1,623**	549	**1,336**	537
Past due and impaired:				
90-120 days	–	10	–	10
120+ days	**1,112**	879	**939**	735
Total	**6,133**	6,181	**5,417**	3,457

Of the trade receivables for the Group, 28.1% (2008: 65.5%) and for the Company 29.6% (2008: 47.8%) are neither past due nor impaired.

Included in trade receivables at 25 January 2009 are debtors with a carrying amount for the Group of £3,298,000 (2008: £1,240,000) and for the Company of £2,873,000 (2008: £1,059,000) which are past due at that date, for which the Group has not made any provision for an irrecoverable amount because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

21. Trade and other receivables (continued)
The movements in the allowance for doubtful debts are as follows:

	Group		Company	
	25 January 2009 £'000	27 January 2008 £'000	**25 January 2009 £'000**	27 January 2008 £'000
Balance at the beginning of the period	**889**	1,398	**741**	1,152
Amounts written off as uncollectible	**–**	(521)	**–**	(416)
Impairment provision created during the year	**219**	12	**198**	9
Balance at the end of the period	**1,108**	889	**939**	745

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance for the Group of £761,000 (2008: £749,000) and for the Company £629,000 (2008: £614,000) which have been placed under liquidation. The impairment which has been recognised, represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

22. Current asset investments

	Group and Company	
	25 January 2009 £'000	27 January 2008 £'000
Available-for-sale investments carried at fair value		
Shares	**–**	28,100
Loans and receivables		
Loan note deposit	**168,117**	168,117
Cash held in escrow account	**3,837**	–
	171,954	196,217

The Loan note deposit represents a bank balance which acts as security for the Loan notes which are included within Current liabilities in the Balance sheet and described in note 25 of these Notes to the Financial statements. Interest is received on the Loan note deposit at an interest rate of 10 bps below LIBOR.

The cash held in escrow relates to the proceeds from the Company's disposal of its interest in a number of stores. Under the terms of the Standstill agreement with the Company's lenders these proceeds were required to be held in escrow. Subsequent to the year end and pursuant to entering into new lending arrangements this cash has been released out of escrow to the Company.

23. Cash and cash equivalents

	Group		Company	
	25 January 2009 £'000	27 January 2008 £'000	**25 January 2009 £'000**	27 January 2008 £'000
Cash at bank and in hand	**16,620**	10,692	**12,576**	9,076
Short term deposits	**24,018**	3,507	**24,018**	3,507
	40,638	14,199	**36,594**	12,583

Short term deposits are made for varying periods of between 1 day and 1 month depending on the cash requirements of the Group, and earn interest at market short-term deposit rates.

The carrying amount of these assets approximates to their fair value.

24. Trade and other payables

	Group		Company	
	25 January 2009 £'000	27 January 2008 £'000	**25 January 2009 £'000**	27 January 2008 £'000
Trade payables	**29,562**	24,352	**24,667**	21,523
Other payables and accruals	**58,841**	71,506	**47,558**	58,939
Deferred lease incentives (see note 28)	**1,709**	2,303	**1,709**	2,080
Amounts owed to subsidiary undertakings	–	–	**200,293**	192,178
Value added tax	**10,600**	11,015	**8,355**	7,304
Payroll and social security taxes	**622**	1,698	**587**	1,668
	101,334	110,874	**283,169**	283,692

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 20 days (2008: 27 days).

No interest is charged on the trade payables outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

25. Borrowings

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

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

Loan notes were issued to the vendors of Blane Leisure Ltd (Sports Division) in September 1998, as part of the consideration for the acquisition of that Company and its subsidiaries, under an instrument which provided that the Loan notes were redeemable on any quarterly interest payment dates after 11 June 1999. By a Deed of Variation dated 26 February 2001, the maturity date up to which the Loan notes can be redeemed was extended to 28 April 2011.

Interest is payable on the Loan notes at a rate of 65.63 bps below LIBOR and the Loan notes are secured by an identical amount held in a bank account and shown under Current assets as "Current asset investments", as described in note 22.

The Group's working capital was provided through a 5 year £60 million revolving bank credit facility from Barclays Bank PLC ("Barclays") which commenced in June 2005, a 6 year term loan of £18 million from Bank of Scotland plc ("BoS") which commenced in June 2006 to finance the acquisition of the Glasgow Rangers FC licensing agreement and a further term loan of £20 million from Kaupthing, Singer & Friedlander Ltd (in administration) ("KSF") initially drawn on 6 October 2008 and repayable in full on 14 December 2008.

Pursuant to breaches in the half year loan agreement covenants in relation to consolidated net worth, fixed charge cover and cash flow cover, the Group entered into a standstill agreement with Barclays, BoS and KSF (the "Lenders") on 10 December 2008 (the "Standstill Agreement") whereby £20 million of facilities were cancelled as follows; £13.2 million from the revolving bank credit facility, £2.9 million from the 6 year term loan and £3.9 million from the further term loan drawn on 6 October 2008 and the Lenders agreed to maintain the remaining facilities until 30 January 2009 subject to the Group meeting certain conditions prescribed by the Standstill Agreement.

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

The Standstill Agreement provided, amongst other matters, for the deferral of the final repayment date in respect of the KSF and BoS facilities and allowed the Company to continue to draw down under the Barclays revolving working capital facility, in each case, to 30 January 2009. In consideration, the Company agreed to a margin uplift for each of the Barclays and BoS facilities as described above and to pay fees of approximately £8.3 million in aggregate to the Lenders, with payment of the fees due in February and April 2009 (or on such earlier date upon the occurrence of certain events, such as on the date of completion of the disposal of the fitness clubs business).

Events after the Balance sheet date
Revision of Bank Facilities
As noted above, the Company entered into the Standstill Agreement with the Lenders in respect of the period to 30 January 2009.

The Group entered into a series of further extensions to the Standstill Agreement with its Lenders after the year end.

25. Borrowings (continued)

The Company became aware in January 2009 that KSF would be classified as a related party for the purposes of Listing Rule 11, as a result of the holding by Kaupthing Singer & Friedlander (Isle of Man) Ltd ("KSF IOM"), another Kaupthing group company, of over 10% of the Company's issued shares. This shareholding was not notified by KSF IOM to the Company until 13 January 2009.

The following details are being disclosed in relation to those extensions and related matters as related party transactions, as agreed with the UK Listing Authority, in accordance with Listing Rules 11.1.10(2)(c) and 11.1.11(3)(b).

First Extension of the Standstill Agreement and Waiver

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

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

Second Extension of the Standstill Agreement

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

Third Extension of the Standstill Agreement

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

Fourth Extension of the Standstill Agreement

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

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

25. Borrowings (continued)
On 5 April 2009, Barclays and the Group executed documentation for a short term banking facility of £25 million (the "Barclays Facility") with a maturity date of 31 August 2009 and on 3 April 2009 BoS and the Group executed separate documentation for a medium term £25 million revolving facility (the "BoS Facility") with a maturity date of 30 September 2010 to support the Company's ongoing funding requirements. Interest is payable at 450bps above LIBOR in respect of both the Barclays Facility and the BoS Facility.

Following the successful implementation of the CVA proposal on 29 May 2009, the Company drew down on these new facilities on 3 June 2009 to refinance the Company's existing facilities with Barclays and BoS and to repay in full its short term loan with KSF. As part of this refinancing, the standstill arrangements were terminated.

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

The Company paid an initial arrangement fee of £125,000 to Barclays at the time of signing the Barclays Facility. A further fee of £125,000 was paid prior to first utilisation.

In accordance with the terms of the BoS Facility, the Company issued warrants to subscribe for 11,287,434 new ordinary shares of 5 pence each (the "Warrants") to Uberior Trading Ltd (the "Warrantholder"), an affiliate of BoS, on 3 June 2009. The issue of Warrants was approved by shareholders at a General Meeting held on 29 April 2009.

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

The weighted average interest rate paid by both Group and Company was as follows:

	Group and Company	
	25 January 2009 %	27 January 2008 %
Loan notes	**4.9**	5.1
Bank loans	**6.3**	6.8

Undrawn borrowing facilities
At 25 January 2009, the Group had an undrawn committed borrowing facility of £nil (2008: £20 million), in respect of which all conditions precedent had been met.

26. Provisions

Current liabilities

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

	Vacant stores provision £'000	Retail store restructuring provision £'000	Dilapidations provision £'000	Total £'000
Company				
At 28 January 2007	2,374	–	1,059	3,433
Created in the period	634	14,543	690	15,867
Utilised in the period	(1,078)	–	(365)	(1,443)
At 27 January 2008	1,930	14,543	1,384	17,857
Created in the period	2,690	20,813	270	23,773
Utilised in the period	(1,043)	(11,926)	(599)	(13,568)
Released in the period	(149)	(3,060)	–	(3,209)
At 25 January 2009	**3,428**	**20,370**	**1,055**	**24,853**

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

26. Provisions (continued)
Non-current liabilities

	Vacant stores provision £'000
Group	
At 28 January 2007	897
Created in the period	1,740
Utilised in the period	(333)
At 27 January 2008	2,304
Created in the period	5,671
Utilised in the period	(2,189)
At 25 January 2009	**5,786**

Company	
At 28 January 2007	407
Created in the period	1,668
Utilised in the period	(246)
At 27 January 2008	1,829
Created in the period	5,073
Utilised in the period	(1,892)
At 25 January 2009	**5,010**

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

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

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

Current liability provisions are expected to be settled during the 53 weeks to 31 January 2010; the non-current liability provisions are expected to be settled within a further 12 months of this date. As noted in note 45, £22.7 million of the vacant stores and restructuring provision will be released following the successful implementation of the CVA.

27. Deferred tax liabilities

The following are the major deferred tax liabilities recognised by the Group and Company and movements thereon.

	Group £'000	Company £'000
Accelerated capital allowances		
At 28 January 2007	23,416	22,913
Charge for the period	362	535
Exchange differences	24	–
Deferred tax on items taken directly to equity	435	435
At 27 January 2008	24,237	23,883
Credit for the period		
– depreciation in excess of capital allowances	(9,325)	(9,103)
– recognised losses	(11,865)	(11,558)
Exchange differences	70	–
Deferred tax on items taken directly to equity	(435)	(435)
As 25 January 2009	**2,682**	**2,787**

At the Balance sheet date, the Group had unused tax losses of £19.5 million (2008: nil) available for offset against future profits. A deferred tax asset of £11.9 million has been recognised in respect of all (2008: nil) such losses netted off against the deferred tax liability.

No deferred tax asset has been recognised on £7.6 million of the losses as the companies to which these relate are in administration.

28. Deferred lease incentives

	Group		Company	
	25 January 2009 £'000	27 January 2008 £'000	25 January 2009 £'000	27 January 2008 £'000
Current liabilities, to be released within 1 year (see note 24)	**1,709**	2,303	**1,709**	2,080
Non-current liabilities, to be released after more than 1 year	**43,894**	39,950	**41,156**	36,896

Deferred lease incentives comprise inducements given by landlords to enter into operating leases of certain land and buildings. All incentives received are released to the Consolidated income statement on a straight line basis over the term of the individual lease.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

29. Share capital
Authorised and issued share capital

	Group and Company 25 January 2009 £'000	Group and Company 27 January 2008 £'000
Authorised:		
331,600,000 ordinary shares of 5 pence each	**16,580**	16,580

	Group and Company £'000	Group and Company Number Thousands
Allotted, called up and fully paid:		
At 28 January 2007	**11,892**	237,837
Scrip issue in lieu of dividend	**1**	24
Issued on exercise of options	**51**	1,027
At 27 January 2008	**11,944**	238,888
Issued shares	**598**	11,944
At 25 January 2009	**12,542**	250,832

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

On 20 October 2008 the Company announced a cash placing of 11,944,360 new JJB ordinary shares ("Placing Shares") which were to be issued credited as fully paid at a price of 28.5p per share. The Placing Shares, which equated to approximately 5% of the then current issued share capital of the Company of 238,887,500 ordinary shares, were placed with Sports Direct International plc. The Placing Shares were admitted to trading by the London Stock Exchange plc on its main market for listed securities at 8.00 am on 23 October 2008. The Placing Shares ranked and continue to rank pari passu in all respects with the existing JJB ordinary shares, including the right to receive all dividends and other distributions declared after the date of their issue.

30. Share based payments

(a) Share option schemes

The Company has outstanding options under the following schemes:

	Date of Grant	Number of ordinary shares of 5p each at 25 January 2009	Number of ordinary shares of 5p each at 27 January 2008	Exercise price per share	Exercise expiry date
(i) 1999 Unapproved scheme	17 February 1999	**66,310**	70,080	184.84p	16.02.09
	13 November 2000	**60,000**	60,000	205.17p	12.11.10
	30 January 2001	**–**	120,000	260.25p	29.01.11
	16 April 2001	**182,704**	413,516	370.00p	15.04.11
	12 October 2002	**–**	250,000	150.20p	11.10.12
	26 May 2004	**175,000**	650,000	253.00p	25.05.14
	23 November 2004	**519,885**	832,401	200.75p	22.11.14
(ii) 1999 HMRC Approved scheme	18 May 1999	**15,800**	15,800	189.84p	17.05.09
	16 April 2001	**97,296**	186,484	370.00p	15.04.11
	23 November 2004	**313,803**	493,119	200.75p	22.11.14
(iii) 2006 Unapproved scheme	28 July 2006	**2,308,383**	4,038,381	176.92p	27.07.16
	13 November 2007	**656,019**	656,019	154.34p	12.11.17
	7 May 2008	**350,000**	–	114.75p	06.05.18
	9 October 2008	**900,000**	–	19.00p	08.10.18
(iv) 2006 Long Term Incentive Plan	3 August 2006	**946,764**	1,695,712	–	04.07.11

The exercise of options under the 1999 Unapproved scheme, the 1999 HMRC Approved scheme and the 2006 Unapproved scheme are subject to performance conditions that require various specified growths in earnings per ordinary share over a three year period. In respect of the 2006 Long Term Incentive Plan, one tranche of the award is subject to an earnings per ordinary share performance target, and the second equal tranche is subject to a total shareholder return performance target.

The details of options granted to the Executive Directors under all these schemes are set out in the Directors' Remuneration report on pages 25 to 31 of the Annual Report and are included in the above figures.

Under the transitional provisions, the recognition and measurement principles in IFRS 2 have not been applied to grants of share options made before 7 November 2002. The fair value of options granted since 7 November 2002 is measured using the Black Scholes pricing model.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

30. Share based payments (continued)
(a) Share option schemes (continued)
The number and weighted average exercise price of the share options are as follows:

	25 January 2009		27 January 2008	
	Number of options	Weighted average exercise price (pence)	Number of options	Weighted average exercise price (pence)
Outstanding at the start of the period	**9,481,512**	**164.86p**	9,852,093	167.72p
Granted during the period	**1,250,000**	**45.81p**	656,019	154.34p
Exercised during the period	**–**	**–**	(1,026,600)	185.07p
Forfeited during the period	**(4,139,548)**	**172.21p**	–	–
Outstanding at the end of the period	**6,591,964**	**137.67p**	9,481,512	164.86p
Exercisable at the end of the period	**82,110**	**185.80p**	85,880	185.75p

The options outstanding at 25 January 2009 have an exercise price in the range of £nil to 370.0 pence and a weighted average remaining contracted life of 6.7 years.

The share price during the accounting period of 52 weeks to 25 January 2009 ranged between 2.85 pence and 132.25 pence and the closing mid-market price at Friday 23 January 2009 was 6.09 pence.

The total credit to the Consolidated income statement for the 52 weeks to 25 January 2009 relating to employee share based payments was £45,000 (2008: £(383,000)).

The fair value of options granted during the period, have been calculated using the Black-Scholes pricing model assuming the inputs shown below:

	25 January 2009	27 January 2008
Weighted average fair value at measurement date per option (pence)	**14p**	42p
Weighted average share price at date of grant (pence)	**47.51p**	158p
Weighted average exercise price (pence)	**45.81p**	154.34p
Expected volatility (%)	**44.56%**	57.37%
Weighted average expected option life (years)	**2.6 years**	2.8 years
Expected dividend yield (%)	**0.0%**	8.9%
Risk free interest rate (%)	**1.5%**	5.5%

The expected volatility of every option is based upon the standard deviation of the Company's share data about the Mean, in respect of share price movements during the previous accounting period. The expected option life is the average period to exercise. The risk free interest rate is based upon the Bank of England base borrowing rate.

30. Share based payments (continued)

(b) 2007 Sharesave plan

During the accounting period of 52 weeks to 27 January 2008, the Group offered options to all employees with over 12 months' service to purchase ordinary shares under its new 2007 Sharesave plan. This plan is an Inland Revenue approved Save As You Earn ("SAYE") savings contract. HMRC rules limit the maximum amount saved under the savings contract to £250 per month. The options were offered at a fixed set price calculated at the start of the 3 or 5 year term of the SAYE savings contract by applying a discount of 20% to the market price of JJB's ordinary shares in September 2007. The options under the Sharesave plan may normally be exercised during the period of 6 months after the completion of the 3 or 5 year term of the SAYE savings contract. There are no performance conditions attached to these options.

	Number of options	Weighted average exercise price
Outstanding at 28 January 2007	–	–
Granted on 3 October 2007	1,167,675	169.00p
Forfeited	(56,605)	169.00p
Outstanding at 27 January 2008	1,111,070	169.00p
Forfeited	(568,783)	169.00p
Outstanding at 25 January 2009	**542,287**	**169.00p**

At 25 January 2009, the options under the 2007 Sharesave plan comprised 323,816 ordinary shares with an option expiry date of 1 November 2010 and 218,471 ordinary shares with an option expiry date of 1 November 2012.

The details of options under the 2007 Sharesave plan taken up by the Executive Directors are set out in the Directors' Remuneration report on pages 25 to 31 of this Annual Report.

31. Share premium account

	Group and Company £'000
Balance at 28 January 2007	169,334
Premium arising on issue of equity shares	1,914
Balance at 27 January 2008	171,248
Premium arising on issue of equity shares	2,807
Balance at 25 January 2009	**174,055**

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

32. Capital redemption reserve

	Group and Company £'000
Balance at 28 January 2007, 27 January 2008 and **25 January 2009**	**1,069**

33. Investment in own shares

	Group and Company £'000
Balance at 28 January 2007, 27 January 2008 and **25 January 2009**	**3,083**

The investment in own shares represents the cost of 1,695,712 ordinary shares in the Company purchased in the market in August 2006 at 181.83 pence and held by the JJB Sports plc Employee Benefit Trust to be used to satisfy options granted under the Group's Long Term Incentive Plan, see note 30a.

34. Share based payment reserve

	Group and Company £'000
Balance at 28 January 2007	297
Created in the period	383
Balance at 27 January 2008	680
Created in the period	(45)
Balance at 25 January 2009	**635**

The Share based payment reserve represents the Directors' opinion of the fair value of options granted after 7 November 2002, see note 30a.

35. Foreign currency translation reserve

	Group and Company £'000
Balance at 28 January 2007	187
Exchange differences on translation of foreign operations	(1,398)
Balance at 27 January 2008	(1,211)
Exchange differences on translation of foreign operations	1,549
Balance at 25 January 2009	**338**

36. Retained (losses)/earnings

	Group £'000	Company £'000
Balance at 28 January 2007	197,330	66,935
Dividends paid	(23,672)	(23,672)
Gain on revaluation of available-for-sale investment taken to equity	1,555	1,555
Taxation effect on item taken directly to equity	(435)	(435)
Profit after taxation for the period	9,630	235
Balance at 27 January 2008	184,408	44,618
Dividends paid	(16,657)	(16,657)
Expense recognised directly in equity	(1,120)	(1,120)
Loss after taxation for the period	(167,556)	(174,236)
Balance at 25 January 2009	**(925)**	**(147,395)**

37. Acquisition of subsidiary undertakings

a) Original Shoe Company Ltd

On 28 January 2008 the Group acquired 100% of the issued share capital of Original Shoe Company Ltd ("OSC") for a cash consideration of £5 million and other directly attributable costs, principally stock, amounting to £10 million. The business activity of OSC was the retail of branded lifestyle clothing and footwear. This transaction has been accounted for by the purchase method of accounting using provisional fair values in accordance with IFRS3 'Business Combinations'.

	Provisional book value £'000	Provisional fair value adjustments £'000	Provisional fair value £'000	At 25 January 2009 £'000	Impairments £'000	Fair Value At 25 January 2009 £'000
Net assets acquired						
Intangibles	–	–	–	6	(6)	–
Property, plant and equipment	3,234	–	3,234	2,786	(2,786)	–
Inventories	8,823	(250)	8,573	3,286	(3,286)	–
Trade and other receivables	1,493	–	1,493	191	–	191
Cash	–	–	–	1,216	–	1,216
Other taxes	1,215	–	1,215	112	–	112
Trade and other payables	–	–	–	(15,611)	–	(15,611)
	14,765	(250)	14,515	(8,014)	(6,078)	(14,092)
Goodwill			548			
Total consideration			15,063			
Satisfied by: Cash consideration			15,063			
Net cash outflow arising on acquisition:						
Cash consideration			(15,063)			

The fair value adjustments relate to certain stock provision adjustments. Impairments have been made as the business was placed into administration on 19 February 2009.

OSC contributed £15.2 million to the Group's loss before tax for the period between the date of acquisition and the Balance sheet date.

OSC went into administration on 19 February 2009; preceding this the goodwill and net assets acquired were impaired to their recoverable amount as described in notes 15 and 16.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

37. Acquisition of subsidiary undertakings (continued)

b) Qubefootwear Ltd

On 12 April 2008 the Group acquired privately held Qubefootwear Ltd ("Qube") for a cash consideration of £1 and other directly attributable costs (being stock and extinguishment of the overdraft) amounting to £7.1 million. The business activity of Qube was the retail of fashion footwear. This transaction has been accounted for by the purchase method of accounting using provisional fair values in accordance with IFRS3 *Business Combinations*.

	Provisional book value £'000	Provisional fair value adjustments £'000	Provisional fair value £'000	At 25 January 2009 £'000	Impairments £'000	Fair Value At 25 January 2009 £'000
Net assets acquired						
Intangibles	–	–	–	7	(7)	–
Property, plant and equipment	3,893	(851)	3,042	1,821	(1,821)	–
Inventories	6,095	(488)	5,607	790	(790)	–
Trade and other receivables	2,870	–	2,870	2,898	–	2,898
Cash and other equivalents	250	–	250	13	–	13
Trade and other payables	(4,446)	(253)	(4,699)	(3,174)	–	(3,174)
Deferred lease incentives	(312)	–	(312)	112	–	112
	8,350	(1,592)	6,758	2,467	(2,618)	(151)
Goodwill			384			
Total consideration			7,142			
Satisfied by:						
Cash consideration			7,142			
Net cash outflow arising on acquisition:						
Cash consideration			(7,142)			
Cash and cash equivalents acquired			250			
			(6,892)			

The fair value adjustments relate to certain stock provision, trade payable accrual recognition adjustments and fixed assets write downs which arose in accordance with the Company's accounting policies. Impairments have been made as the business was placed into administration on 19 February 2009.

Qube contributed £4.8 million to the Group's loss before tax for the period between the date of acquisition and the Balance sheet date.

If the acquisition of Qube had been completed on the first day of the financial year, the Group revenues for the period would have been £4.0 million higher and the Group loss attributable to equity holders of the parent would have been £1.6 million higher.

Qube went into administration on 19 February 2009; preceding this the goodwill and net assets acquired were impaired to their recoverable amount as described in notes 15 and 16.

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

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

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

38. Reconciliation of operating (loss) profit to net cash from operating activities (continued)

	Company	
	52 weeks to 25 January 2009 £'000	52 weeks to 27 January 2008 £'000
Operating profit from continuing operations	**(183,794)**	(640)
Impairment of goodwill	**340**	178
Amortisation of other intangible assets	**4,147**	1,994
Depreciation of property, plant and equipment	**17,179**	16,891
Impairment of property, plant and equipment	**49,260**	5,079
Impairment of subsidiary undertaking	**93,509**	–
Net loss on disposal of intangible assets	**–**	14
Net gain on disposal of property, plant and equipment	**(6,288)**	(496)
Impairment of associated undertaking	**5,281**	–
Release of deferred consideration relating to a subsidiary	**–**	818
Increase in provisions	**10,177**	7,901
Share based payment reserve	**(45)**	393
Operating cash flow before movements in working capital	**(10,234)**	32,132
Decrease in inventories	**36,433**	11,616
Decrease (increase) in trade and other receivables	**1,779**	(3,898)
Decrease (increase) in payables	**(6,988)**	22,221
Cash generated by operations	**20,990**	62,071
Taxation	**6,771**	(5,784)
Net cash inflow from operating activities	**27,761**	56,287

39. Analysis of net debt as at 25 January 2009

	Group			
	At 27 January 2008 £'000	Cash flow £'000	Other* non-cash items £'000	At 25 January 2009 £'000
Current asset investment				
Loan note deposit	168,117	–	–	**168,117**
Cash and cash equivalents	14,199	26,544	(105)	**40,638**
	182,316	26,544	(105)	**208,755**
Current liability				
Loan notes	(168,117)	–	–	**(168,117)**
Bank loans	–	(74,855)	(145)	**(75,000)**
Non-current liability				
Bank loans	(56,355)	56,355	–	**–**
	(42,156)	8,044	(250)	**(34,362)**

* Non-cash items relate to foreign exchange differences of £105,000 and the amortisation of loan interest of £145,000.

39. Analysis of net debt as at 25 January 2009 (continued)

	Company			
	At 27 January 2008 £'000	Cash flow £'000	Other non-cash items £'000	**At 25 January 2009 £'000**
Current asset investment				
Loan note deposit	168,117	–	–	**168,117**
Cash and cash equivalents	12,583	24,011	–	**36,594**
	180,700	24,011	–	**204,711**
Current liability				
Loan notes	(168,117)	–	–	**(168,117)**
Bank loans	–	(74,855)	(145)	**(75,000)**
Non-current liability				
Bank loans	(56,355)	56,355	–	**–**
	(43,772)	5,511	(145)	**(38,406)**

40. Capital commitments

	Group		Company	
	25 January 2009 £'000	27 January 2008 £'000	**25 January 2009 £'000**	27 January 2008 £'000
Capital commitments	**2,500**	50,000	**2,500**	50,000

Capital commitments represent anticipated costs in respect of additions to property, plant and equipment on leasehold properties on which legal contracts have been exchanged at the Balance sheet dates, excluding the fitness club business.

41. Operating lease arrangements

(a) The Group and Company as lessee

The Group and the Company have entered into non-cancellable operating leases in respect of certain land and buildings. The rentals charged to the Group for the accounting period were £105.2 million (2008: £94.8 million) and for the Company were £72.7 million (2008: £72.1 million). In addition all insurance, maintenance and repairs are paid on these properties.

The Group and the Company have entered into non-cancellable operating leases in respect of plant and equipment. The annual rentals charged to the Group for the accounting period were £4.6 million (2008: £3.9 million) and for the Company were £4.4 million (2008: £3.7 million).

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

41. Operating lease arrangements (continued)

(a) The Group and Company as lessee

At the Balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 25 January 2009 £'000	Land and buildings 27 January 2008 £'000	Plant and equipment 25 January 2009 £'000	Plant and equipment 27 January 2008 £'000
Group				
Operating leases which expire:				
Within 1 year	**101,366**	92,418	**2,780**	2,429
In the second to fifth year inclusive	**386,396**	360,674	**3,402**	3,130
After 5 years	**842,230**	823,442	**–**	–
	1,329,992	1,276,534	**6,182**	5,559
Company				
Operating leases which expire:				
Within 1 year	**70,942**	71,267	**2,778**	2,429
In the second to fifth year inclusive	**277,371**	278,491	**3,402**	3,130
After 5 years	**677,044**	668,217	**–**	–
	1,025,357	1,017,975	**6,180**	5,559

Outstanding commitments for future minimum lease payments on land and buildings represent future rentals payable by the Group for stand-alone retail stores and combined fitness clubs/superstores. Stand-alone retail store leases have an average initial term of 15 years whilst leases for combined fitness clubs/superstores have an average initial term of 25 years. Rentals under these property leases are usually fixed for an average of 5 years. No provision within the outstanding commitments has been made for any increase in costs arising from future rent reviews.

Included in the outstanding commitments for future minimum lease payments on land and buildings are commitments relating to the leases on those retail stores which have been closed in April 2008 as a result of the restructuring of the retail store chain, referred to in note 26.

(b) The Group and Company as lessor

The leases on certain stand-alone retail stores which are no longer operated by the Group have been sub-let to third parties. The property rental income received during the accounting period for the Group was £3.8 million (2008: £2.6 million) and for the Company was £2.5 million (2008: £1.2 million). The Group's sub-let properties have average remaining lease commitments of 6 years.

At the Balance sheet date, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	Group		Company	
	25 January 2009 £'000	27 January 2008 £'000	25 January 2009 £'000	27 January 2008 £'000
Operating leases which expire:				
Within 1 year	**3,671**	2,118	**2,424**	810
In the second to fifth years inclusive	**13,004**	6,972	**8,616**	2,132
After 5 years	**18,459**	6,346	**15,526**	1,887
	35,134	15,436	**26,566**	4,829

42. Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in the Statement of accounting policies on pages 41 to 48 of these Financial statements.

(a) Categories of financial instruments

	Group		Company	
	25 January 2009 £'000	27 January 2008 £'000	25 January 2009 £'000	27 January 2008 £'000
Financial assets				
Investments in subsidiaries	–	–	**168,574**	249,660
Fair value through profit and loss – held for trading	–	2,554	–	2,554
Loans and receivables	**206,498**	210,975	**199,846**	207,642
Cash and cash equivalents	**40,638**	14,199	**36,594**	12,583
Available-for-sale financial assets	–	28,100	–	28,100
Financial liabilities				
Amortised cost	**344,451**	335,346	**526,286**	508,164

(b) Financial risk management objectives

The Group's and Company's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group and Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

During the period to October 2008 when all forward currency contracts were closed out as a cash generation initiative, the Group and Company sought to minimise the effects of these risks by using derivative financial instruments to hedge its currency risk exposure. The use of financial derivatives is governed by the Group's and Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Group and Company do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(c) Market risk

The Group's and Company's activities expose them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. During the period to October 2008 the Group and Company entered into derivative financial instruments to manage their exposure to foreign currency risk by forward foreign exchange contracts to hedge the exchange rate risk arising on the purchase of inventory in US dollars.

In October 2008 all forward currency contracts were closed out, which has increased the Group's and Company's exposure to market risks.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

42. Financial instruments (continued)

(d) Foreign currency risk management
The Group and Company each undertakes certain transactions denominated in US dollars and therefore each has exposure to exchange rate fluctuations. Exchange rate exposures were managed within approved policy parameters utilising forward foreign currency exchange contracts through to October 2008 at which time all forward contracts were closed out as a cash generation initiative.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities are as follows:

	Group			
	Assets		Liabilities	
	25 January 2009 £'000	27 January 2008 £'000	25 January 2009 £'000	27 January 2008 £'000
US dollars	**1,413**	3,674	**–**	84
Euros	**2,129**	955	**1,510**	485

	Company			
	Assets		Liabilities	
	25 January 2009 £'000	27 January 2008 £'000	25 January 2009 £'000	27 January 2008 £'000
US dollars	**1,396**	3,674	**–**	84
Euros	**191**	356	**–**	–

Foreign exchange
Whilst the majority of the Group's and Company's trading activities are conducted with United Kingdom suppliers and customers with the transactions being payable and receivable in sterling, there are approximately £25 million of the Group's and Company's annualised purchases settled in US dollars. During the period to October 2008 the Group and Company entered into forward foreign exchange contracts to manage the risk associated with the purchase of inventory in US dollars.

In October 2008 all forward contracts were closed out as a cash generation initiative. US dollars transaction are currently settled through spot purchases. It is the Group and Company's intention to review this policy having securing the revised borrowing facilities as set out in note 45.

A current asset was created at 27 January 2008 of £2,554,000, being the element of the gain arising from the difference between the sterling value of forward foreign exchange contracts and their fair value, that was not already committed to suppliers. Having closed out all forward foreign exchange contracts there is no comparable asset or liability at 25 January 2009.

At the Balance sheet date, the total amount of outstanding forward foreign exchange contracts that the Group and Company is committed to are as follows:

	Group and Company	
	25 January 2009 £'000	27 January 2008 £'000
US dollars		
Forward foreign exchange contracts	**–**	103,704

42. Financial instruments (continued)

Foreign currency sensitivity analysis
The US dollar is the principal foreign currency to which the Group and Company is exposed. The following table details the Group's and Company's sensitivity to a 10% increase and decrease in the rate of sterling against the rate of the US dollar which represents a reasonable possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the accounting period for a 10% change in foreign currency rates. A positive number shown below indicates a decrease in loss increase in profit where the rate of sterling strengthens 10% against the US dollar. For a 10% strengthening of the rate of sterling against the US dollar, there would be an increase in loss/decrease in profit represented by a negative number below.

An equal and opposite impact on the profit, and the number below would be negative.

US dollar currency impact:

	Group and Company 25 January 2009 £'000	27 January 2008 £'000
Profit from the rate of sterling weakening by 10%	**141**	14,169
Loss from the rate of sterling strengthening by 10%	**141**	(7,480)

The Group's and Company's sensitivity to US Dollar exchange rate movements on monetary items had decreased during the current accounting period due to closing out of forward foreign exchange contracts. However as a consequence the Group and Company has currently no hedge in place for its US dollar inventory purchases.

The Group's and Company's purchases settled in US dollars is broadly £25 million converted at the rate of exchange applicable at the year end. The impact of sterling weakening against the US dollar by 10% would be a negative impact on profit before tax of around £2.5 million and from strengthening by 10% a positive impact of around £2.5 million.

(e) Interest rate risk management
The Group and Company have financed their operations through the 5 year revolving bank credit facility, 6 year term loan and a further term loan entered into in 2008. The revolving bank credit facility and the term loans were arranged at interest rates fixed to LIBOR and therefore the Group and Company are exposed to interest rate risk on these borrowings. No interest rate hedging agreement is currently in place because given the level of borrowings and the current interest rate environment, the Board does not consider fluctuations in interest rates to pose a significant risk to the Group and Company. The Group's and Company's financing arrangements have changed since the year end as set out in note 45.

The Group's and Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this Note to the Financial statements, note 42 (g).

If interest rates on the financial assets and financial liabilities had been 50 bps higher and all other variables were held constant, the Group's loss before tax for the 52 weeks to 25 January 2009 would have increased by £57,000 (2008: decreased by £105,000) and for the Company it would have increased by £65,000 (2008: decreased by £108,000). If interest rates had been 50 bps lower and all other variables were held constant, the Group's loss before tax for the 52 weeks to 25 January 2009 would have decreased by £57,000 (2008: increased by £105,000) and for the Company it would have decreased by £65,000 (2008: increased by £108,000). This is attributable to the Group's and Company's exposure to interest rates on their variable rate borrowings.

Financial statements
Notes to the Financial statements continued

For the 52 weeks to 25 January 2009

42. Financial instruments (continued)

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Group and Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and Company only transact with entities that have a good credit rating. The Group and Company use publicly available financial information and its own trading records to rate its major customers. The Group's and Company's exposure and the credit ratings of its counterparties are continuously monitored and controlled by the Treasury department.

As the principal business of the Group and Company is retail related, trade receivables consist of a relatively small number of customers, although spread across diverse business sectors. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The carrying amount of financial assets recorded in the Financial statements represents the Group's and Company's maximum exposure to credit risk.

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group and Company have sought to manage liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecasts and actual cash flows. Notwithstanding these measures, the adverse trading conditions experienced during 2008 and those matters referred to in the Corporate Governance report on pages 15 to 21 have resulted in liquidity problems. The Group's and Company's latest position with regard to borrowings and facilities are set out in note 45.

The following table details the Group's and Company's remaining contractual maturity of its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay the liability. The table includes both interest and principal cash flows. The interest rates used in respect of the bank loans has been based on 400 bps above LIBOR at the date drawn and for the loan notes at the bps below LIBOR as stipulated by the loan agreement.

	Group			
25 January 2009	**Less than 1 year £'000**	**1-2 years £'000**	**2-5 years £'000**	**Total £'000**
Trade and other payables [1]	**101,334**	–	–	**101,334**
Loan notes [2]	**169,192**	–	–	**169,192**
Bank loans [3]	**75,064**	–	–	**75,064**
	345,590	–	–	**345,590**

	Group			
27 January 2008	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	Total £'000
Trade and other payables [1]	110,874	–	–	110,874
Loan notes [2]	176,792	–	–	176,792
Bank loans	–	8,865	56,209	65,074
	287,666	8,865	56,209	352,740

1 Payable within 30 days.
2 Payable on demand with 3 months' notice.
3 As the Group was operating under a Standstill Agreement at the Balance sheet date, this was repayable on 30 January 2009, the date of the end of Standstill Agreement.

42. Financial instruments (continued)

25 January 2009	Company Less than 1 year £'000	1-2 years £'000	2-5 years £'000	Total £'000
Trade and other payables	283,169	–	–	283,169
Loan notes	169,192	–	–	169,192
Bank loans	75,064	–	–	75,064
	527,425	–	–	527,425

27 January 2008	Company Less than 1 year £'000	1-2 years £'000	2-5 years £'000	Total £'000
Trade and other payables	283,692	–	–	283,692
Loan notes	176,792	–	–	176,792
Bank loans	–	8,865	56,209	65,074
	460,484	8,865	56,209	525,558

The principal amount of the loan notes is secured by an identical amount held in a bank account, see note 22.

43. Retirement benefit schemes

Defined contribution schemes

The Group contributes to the personal pension schemes and stakeholder schemes of certain Executive Directors and senior executives. The contributions made by the Group are limited to a fixed percentage of their basic salary.

The total cost charged to the Consolidated income statement for the 52 weeks to 25 January 2009 was £433,000 (2008: £334,000).

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

44. Related party transactions
(a) Transactions with related parties who are not members of the Group
The Group and Company have entered into the following transactions with related parties who are not members of the Group:

	Income from related parties 25 January 2009 £'000	Income from related parties 27 January 2008 £'000	Expenditure with related parties 25 January 2009 £'000	Expenditure with related parties 27 January 2008 £'000
KooGa Rugby Ltd	**230**	182	**500**	1,680
Source Lab Ltd	–	–	**2,162**	486
Cotton Traders Ltd	–	–	**858**	–
Retail Gateway Ltd	–	–	**106**	–
CWM 2001 Ltd	–	–	**107**	–
Whelco Holdings Ltd	–	267	–	–
E-View Properties Ltd	–	504	–	–
Kaupthing Singer & Friedlander Ltd (in administration)	–	–	**3,146**	–

	Amounts owed by related parties 25 January 2009 £'000	Amounts owed by related parties 27 January 2008 £'000	Amounts owed to related parties 25 January 2009 £'000	Amounts owed to related parties 27 January 2008 £'000
KooGa Rugby Ltd				
– Loan	**750**	4,000	–	–
– Trade receivables/payables	–	1,156	**3**	1,786
Source Lab Ltd	–	–	**75**	208
Cotton Traders Ltd	–	–	**258**	–
CWM 2001 Ltd	–	–	–	–
Whelco Holdings Ltd	–	137	–	–
Kaupthing Singer & Friedlander Ltd (in administration)	–	–	**16,120**	–

In addition, remuneration has been paid to Directors and key management personnel as set out in the Directors' Remuneration report on pages 25 to 31 of the Annual Report and in note 7.

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

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

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

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

CWM 2001 Ltd is a Company owned by Sir David Jones, through which Sir David Jones has provided consultancy services for the Group. The related income has been included in the Directors' Remuneration report on page 25 to 31.

Whelco Holdings Ltd and E-View Properties Ltd are companies owned or controlled by David Whelan, a former director of the Company. They are no longer related parties.

44. Related party transactions (continued)

The Company became aware in January 2009 that Kaupthing Singer & Friedlander Ltd (in administration) ("KSF") would be classified as a related party for the purposes of Listing Rule 11, as a result of the holding by Kaupthing Singer & Friedlander (Isle of Man) Ltd ("KSF IOM"), another Kaupthing group company, of over 10% of the Company's issued shares. This shareholding was not notified by KSF IOM to the Company until 13 January 2009. At that time, the Company had already entered into a standstill agreement with Barclays Bank plc ("Barclays"), Bank of Scotland plc ("BoS") and KSF (the "Lenders") dated 10 December 2008 (the "Standstill Agreement") in respect of the period to 30 January 2009. The Standstill Agreement provided, amongst other matters, for the deferral of the final repayment date in respect of the KSF and BoS facilities and allowed the Company to continue to draw down under the Barclays revolving working capital facility, in each case, to 30 January 2009. In consideration, the Company agreed to a margin uplift for each of the Barclays and BoS facilities and to pay fees of approximately £8.3 million in aggregate to the Lenders, with payment of the fees due in February and April 2009 (or on such earlier date upon the occurrence of certain events, such as on the date of completion of the disposal of the fitness clubs business).

(b) Transactions with related parties who are members of the Group

The Company entered into the following transactions with related parties who are members of the Group:

During the 52 weeks to 25 January 2009, the Company has supplied product for resale to Blane Leisure Ltd of £59,029,000 (2008: £87,568,000), to Sports Division (Eireann) Ltd of £12,432,000 (2008: £7,444,000), to TV Sports Shop Ltd of £638,000 (2008: £1,306,000) to Original Shoe Company Ltd of £16,488,000 (2008: £nil) and to Qubefootwear Ltd of £3,529,000 (2008: nil). These transactions are recorded as inter-company transfers and not revenue of the Company. In addition, the Company received a management charge from Blane Leisure Ltd of £2,555,000 (2008: £3,000,000) and from Sports Division (Eireann) Ltd of £127,000 (2008: £104,000). These balances are settled through inter-company accounts.

As at 25 January 2009, the Company had the following balances outstanding with related parties:

	Amounts owed by related parties		Amounts owed to related parties	
	25 January 2009 £'000	27 January 2008 £'000	**25 January 2009 £'000**	27 January 2008 £'000
Blane Leisure Ltd	**–**	–	**148,087**	160,506
Sports Division (Eireann) Ltd	**–**	–	**22,761**	2,228
TV Sports Shop Ltd	**–**	2,327	**–**	–
Dormant subsidiaries	**4,152**	4,152	**29,444**	29,444
	4,152	6,479	**200,293**	192,178

Balances due from the Original Shoe Company Ltd and Qubefootwear Ltd have been fully impaired following their entering into administration, and Golf TV Ltd's balance has also been impaired and does not therefore feature in the above table.

Financial statements
Notes to the Financial statements continued
For the 52 weeks to 25 January 2009

45. Events after the Balance sheet date

Administration of the Lifestyle Division
At 9.00am on Thursday 19 February 2009 both Original Shoe Company Ltd ("OSC") and Qubefootwear Ltd ("Qube"), comprising the Lifestyle Division, were put into administration. The board of directors of OSC and Qube respectively appointed Messrs. Fleming, Costley-Wood, and Nimmo of KPMG LLP as joint administrators.

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

Director update
There have been a number of changes to the Board:
> On 1 May 2008 David Greenwood resigned as Financial Director.
> On 15 October 2008 Barry Dunn resigned as Property Director.
> On 2 January 2009 Sir David Jones was appointed Executive Chairman.
> On 5 January 2009 Peter Williams was appointed as an interim Executive Director with particular responsibility for strategic development. He later assumed responsibility for financial affairs. He left the Board on 31 May 2009.
> On 25 March 2009 Mr Ronnie's employment and directorship were terminated.
> On 3 April 2009 Mr Madeley resigned as Finance Director.
> On 25 March 2009 Mr Manning was appointed to the Board as Legal Director. He was appointed Company Secretary on the same date. He now holds the post of Legal and Operations Director and continues as Company Secretary.
> On 18 May 2009 Colin Tranter was appointed as Director of Retail and Product and Lawrence Coppock was appointed as Finance Director.

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

On 27 April 2009 the CVA proposal made by the Company and Blane Leisure Ltd received the approval of the requisite majority of the creditors of each company and on 29 April 2009 was approved by the majority of the members of each company. Following the expiry of a 28 day challenge period, the CVA proposal was successfully implemented on 29 May 2009.

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

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

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

45. Events after the Balance sheet date (continued)

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

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

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

Provision of Bank Facilities
Revision of Bank Facilities
The Group entered into a series of extensions to its standstill agreement with its lenders after the year end covering the period up until 17 June 2009.

On 5 April 2009, Barclays and the Group executed documentation for a short term banking facility of £25 million (the "Barclays Facility") with a maturity date of 31 August 2009 and on 3 April 2009 BoS and the Group executed separate documentation for a medium term £25 million revolving facility (the "BoS Facility") with a maturity date of 30 September 2010 to support the Company's ongoing funding requirements. Interest is payable at 450bps above LIBOR in respect of both the Barclays Facility and the BoS Facility.

Following the successful implementation of the CVA proposal on 29 May 2009, the Company drew down on these facilities on 3 June 2009 to refinance the Company's existing facilities with Barclays and BoS and to repay in full its short term loan with Kaupthing Singer & Friedlander Ltd (in administration). As part of this refinancing, the standstill arrangements referred to above were terminated.

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

The Company paid an initial arrangement fee of £125,000 to Barclays at the time of signing the Barclays facility. A further fee of £125,000 was paid prior to first utilisation.

In accordance with the terms of the BoS Facility, the Company issued warrants to subscribe for 11,287,434 new ordinary shares of 5 pence each (the "Warrants") to Uberior Trading Ltd (the "Warrantholder"), an affiliate of BoS, on 3 June 2009. The issue of Warrants was approved by shareholders at a General Meeting held on 29 April 2009.

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

Financial statements
Five year summary
For the accounting periods ending January

Group trading results	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Revenue	**718,281**	811,754	810,287	745,238	773,339
Cost of sales	**(353,696)**	(405,642)	(425,314)	(393,075)	(402,082)
Gross profit	**364,585**	406,112	384,973	352,163	371,257
Net operating expenses	**(543,248)**	(394,817)	(345,952)	(317,814)	(309,151)
Operating (loss) profit	**(178,663)**	11,295	39,021	34,349	62,106
Continuing operations	**(178,663)**	11,295	39,021	34,349	62,106
Operating (loss) profit is stated after (charging) crediting:					
Provision for restructuring of retail store chain	**(20,742)**	(24,970)	–	–	–
Other vacant store provision	**(8,770)**	–			
	(29,512)	(24,970)	–	–	–
Goodwill impairment	**(82,275)**	–	–	–	–
Impairment of fitness club fixed assets	**(49,260)**	–	–	–	–
Impairment of businesses in administration	**(8,695)**	–	–	–	–
Increase in provision relating to legal penalty and interest thereon	–	–	(4,063)	(1,882)	(2,000)
Release of legal cost accrual	–	–	–	–	2,000
Re-organisation costs	**(3,175)**	–	–	–	–
Net (loss) on disposal of intangibles	**(339)**	–	–	–	–
Charges relating to closure of ICON stores	–	–	(3,343)	–	–
Net gain (loss) on disposal of property, plant and equipment	**8,745**	1,996	(1,317)	2,917	(835)
Impairment of intangible assets	**(2,150)**	–	–	–	–
Impairment of loan and investment in associated undertaking	**(4,923)**	–	–	–	–
Loss on sale of assets held for resale	**(114)**	–	–	–	–
Total	**(171,698)**	(22,974)	(8,723)	1,035	(835)
Investment revenue	**10,239**	11,551	9,437	8,896	9,036
Finance costs	**(22,704)**	(12,442)	(9,965)	(9,498)	(8,692)
Other gains and losses	**1,989**	–	–	–	–
Share of results of associated undertaking	**(103)**	396	–	–	–
(Loss) profit before taxation	**(189,242)**	10,800	38,493	33,747	62,450
Taxation	**21,686**	(1,170)	(12,668)	(3,510)	(17,287)
(Loss) profit after taxation	**(167,556)**	9,630	25,825	30,237	45,163

Financial statements
Five year summary continued
For the accounting periods ending January

Consolidated balance sheet	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Non-current assets					
Goodwill	**106,406**	187,834	188,459	186,084	186,114
Other intangible assets	**24,600**	25,417	27,397	10,191	–
Property, plant and equipment	**162,044**	198,272	198,980	189,222	165,175
Investment in associated undertaking	**750**	1,677	–	–	–
Loan to associate undertaking	**–**	4,000	–	–	–
	293,800	417,200	414,836	385,497	351,289
Current assets	**321,542**	372,348	357,970	361,981	345,951
Current liabilities	**(378,349)**	(301,647)	(300,028)	(270,655)	(296,072)
Net current (liabilities) assets	**(56,807)**	70,701	57,942	91,326	49,879
Non-current liabilities	**(52,362)**	(122,846)	(95,752)	(112,230)	(43,780)
Net assets	**184,631**	365,055	377,026	364,593	357,388

Financed by					
Share capital	**12,542**	11,944	11,892	11,538	11,538
Share premium account	**174,055**	171,248	169,334	157,219	157,219
Capital redemption reserve	**1,069**	1,069	1,069	1,069	1,069
Investment in own shares	**(3,083)**	(3,083)	(3,083)	–	–
Share based payment reserve	**635**	680	297	–	–
Foreign currency translation reserve	**338**	(1,211)	187	24	(21)
Retained earnings	**(925)**	184,408	197,330	194,743	187,583
Equity shareholders' funds	**184,631**	365,055	377,026	364,593	357,388

Key statistics					
Total dividends paid or proposed	**–**	10.00p	10.00p	10.00p	10.00p
Basic (loss)/earnings per ordinary share	**(69.19)p**	4.07p	11.07p	13.10p	19.54p
Diluted (loss)/earnings per ordinary share	**(69.19)p**	4.07p	11.07p	13.10p	19.51p

Key performance indicators					
Change in like-for-like revenue	**-5.6%**	+0.2%	+7.5%	-4.3%	-1.2%
Gross margin	**50.8%**	50.0%	47.5%	47.3%	48.0%
Adjusted basic earnings per ordinary share	**(3.53)p**	10.89p	14.21p	12.79p	19.79p
Net debt/(funds) (£'000)	**34,362**	42,156	9,246	25,025	(4,373)
Retail selling space at period end ('000sq ft)	**3,674**	4,348	4,295	4,398	4,234
Number of fitness clubs at period end	**55**	49	39	32	21
Number of fitness club members at period end	**229,321**	205,800	174,700	136,800	88,400

Corporate information
Shareholder information

Financial calendar

Preliminary results announced	21 May 2009
Interim management statement published	21 May 2009
Annual Report and Financial statements published	15 June 2009
Annual General Meeting	24 July 2009
Interim results published	September 2009
Interim management statement published	November 2009
End of current accounting period	31 January 2010
Preliminary results announced	April 2010
Annual Report and Financial statements published	May 2010

Ordinary shares trading information
JJB Sports plc ordinary shares are quoted on the London Stock Exchange:

Symbol	JJB
ISIN number	GB0004685235
Sector	General Retailers
Admission to trading	18 November 1994

FTSE Index
FTSE Fledgling; FTSE Fledgling Ex Inv TR

Investor relations and Company Secretary
R.D.J. Manning
JJB Sports plc,
Martland Park,
Challenge Way, Wigan,
Lancashire
WN5 OLD

Telephone: 01942 221400

Shareholder documents such as the Annual Report and financial statements are available electronically on the JJB corporate website at www.jjbcorporate.co.uk or by email. If you would like to receive notification by email that such documents are available on the website, you should register your email address at gbennett@jjbsports.com.

Please direct all enquiries concerning dividends, share certificates, share transfers and changes of address to Capita Registrars.

Registrars
Capita Registrars
Northern House,
Woodsome Park,
Fenay Bridge,
Huddersfield,
HD8 0GA

Telephone: 0871 664 0300
(Calls cost 10 pence per minute plus network extras.)

Capita online enquiry service at:
www.capitaregistrars.com/shareholders/contact/

Shareholders can register the appointment of a proxy electronically via the internet at:
www.capitaregistrars.com/shareholders/

To help protect your shareholding against identity theft, please tell Capita Registrars if you change your address or if you don't receive your dividend payment. If you have a certificated shareholding, please keep your share certificate in a safe place. Tax vouchers should also be kept safe.

Capita Share Dealing Services offer a quick and easy share dealing service to either buy or sell the Company's shares, either on-line or by telephone at: www.capitadeal.com/ (on-line dealing). Call 0871 664 0364 for telephone dealing. This is not a recommendation to buy or sell JJB ordinary shares. (Calls cost 10 pence per minute plus network extras.)

Company registration
JJB Sports plc
Registered in England and Wales
Company No. 1024895

Registered Office:
Martland Park,
Challenge Way, Wigan,
Lancashire
WN5 OLD

Customer services
Email: customerservices@jjbsports.com
Telephone: 0871 6412290

Directors and Advisers

Current Directors

Sir David Jones	(Executive Chairman)
Roger Lane-Smith	(Non-executive Deputy Chairman)
David Beever	(Non-executive Director)
Alan Benzie	(Non-executive Director)
Lawrence Coppock	(Finance Director)
Richard Manning	(Legal and Operations Director)
Colin Tranter	(Director of Retail and Product)

Company Secretary
Richard Manning

Financial Advisers
Lazard & Co., Ltd
50 Stratton Street,
London W1J 8LL

Stockbrokers
Panmure Gordon & Co plc
155 Moorgate,
London EC2M 6XB

Auditors
Deloitte LLP
Chartered Accountants,
PO Box 500,
2 Hardman Street,
Manchester M60 2AT

Solicitors
Herbert Smith LLP
Exchange House,
Primrose Street,
London EC2A 2HS

Bankers
Bank of Scotland
40 Spring Gardens
Manchester
M2 1EN

Barclays Bank PLC
1 Marsden Street,
Manchester M2 1HW

Registrars
Capita Registrars
Northern House,
Woodsome Park,
Fenay Bridge,
Huddersfield HD8 0GA

Financial Public Relations
Maitland
Orion House,
5 Upper St. Martin's Lane,
London WC2H 9EA

Retail store locations

1. **Cumbria and North East**
   12 Stores
   Carlisle
   Darlington
   Durham
   Gateshead
   Hartlepool
   Kendal
   Middlesbrough
   South Sheilds
   Stockton
   Sunderland
   Workington

2. **East Anglia**
   7 Stores
   Bury St. Edmunds
   Great Yarmouth
   Ipswich
   Kings Lynn
   Norwich

3. **East Midlands**
   21 Stores
   Boston
   Chesterfield
   Corby
   Coventry
   Derby
   Grantham
   Leicester
   Lincoln
   Loughborough
   Mansfield
   Northampton
   Nottingham
   Nuneaton
   Peterborough
   Rugby

4. **Northern Ireland**
   19 Stores
   Antrim
   Ballymena
   Bangor
   Belfast
   Coleraine
   Craigavon
   Lisburn
   Londonderry
   Newry
   Newtownards
   Portadown

5. **North West**
   32 Stores
   Accrington
   Birkenhead
   Blackburn
   Blackpool
   Bolton
   Bootle
   Burnley
   Chester
   Chorley
   Crewe
   Ellesmere Port
   Lancaster
   Leigh
   Liverpool
   Manchester
   Oldham
   Prescot
   Preston
   Rochdale
   Runcorn
   Southport
   St. Helens
   Stockport
   Wallasey
   Wigan

6. **Republic of Ireland**
   5 Stores
   Dundalk
   Limerick
   Dublin
   Tallaght
   Blanchardstown

   Fitness Clubs
   2 Clubs
   Dundalk
   Limerick

7. **Scotland**
   41 Stores
   Aberdeen
   Airdrie
   Ayr
   Clydebank
   Cumbernauld
   Dumfries
   Dundee
   Dunfermline
   East Kilbride
   Edingburgh
   Elgin
   Falkirk
   Glasgow
   Glenrothes
   Greenock
   Hamilton
   Irvine
   Kilmarnock
   Kirkcaldy
   Livingston
   Motherwell
   Perth
   Renfrew
   Stirling
   Wishaw

8. **South East**
   42 Stores
   Aylesbury
   Basingstoke
   Bedford
   Bournemouth
   Brighton
   Camberley
   Canterbury
   Chatham
   Chelmsford
   Colchester
   Crawley
   Croydon
   Dover
   Eastbourne
   Enfield
   Fareham
   Gillingham
   Gravesend
   Guildford
   Hastings
   Hayes
   Letchworth
   Luton
   Maidstone
   Milton Keynes
   Newbury
   Portsmouth
   Reading
   Shepherds Bush
   Slough
   Southampton
   Southend
   Staines
   Staples Corner
   Stevenage
   Waterlooville
   Welwyn Garden City
   West Thurrock
   Winchester
   Woking

9. **South West**
   17 Stores
   Barnstaple
   Bath
   Bristol
   Cheltenham
   Dorchester
   Exeter
   Oxford
   Plymouth
   Swindon
   Taunton
   Torquay
   Truro
   Yeovil

10. **Wales**
    14 Stores
    Bangor
    Caerphilly
    Cardiff
    Carmarthen
    Cwmbran
    Haverfordwest
    Llandudno
    Llantrisant
    Newport
    Rhyl
    Swansea
    Wrexham

11. **West Midlands**
    18 Stores
    Banbury
    Birmingham
    Dudley
    Hanley
    Hereford
    Lemington Spa
    Oldbury
    Redditch
    Shewsbury
    Solihull
    Stafford
    Tamworth
    Telford
    Walsall
    West Bromwich
    Wolverhampton
    Worcester

12. **Yorkshire**
    22 Stores
    Bradford
    Dewsbury
    Doncaster
    Grimsby
    Halifax
    Huddersfield
    Hull
    Keighley
    Leeds
    Rotherham
    Scarborough
    Scunthorpe
    Sheffield
    Wakefield
    York

Full address details of our retail stores can be found using our site-locator facility available on our websites www.jjbsports.com, www.jjbgolf.co.uk and www.jjbcorporate.co.uk