

John David Group (The) PLC
04 May 2006

4 May 2006

THE JOHN DAVID GROUP PLC
PRELIMINARY RESULTS
FOR THE 52 WEEKS ENDED 28 JANUARY 2006

The John David Group Plc (the 'Group'), the specialist retailer of sports and fashion footwear and apparel, today announces its Preliminary Results for the 52 weeks ended 28 January 2006.

	2006 £000	2005 £000 (1)	% Change
Revenue	490,288	471,656	+4%
Gross profit %	46.2%	45.6%	
Operating profit (before net financing costs and exceptional items)	20,121	17,098	+18%
Operating profit after net financing costs (before exceptional items)	16,633	12,941	+29%
Exceptional items	(12,983)	(9,339)	
Operating profit before net financing costs (after exceptional items)	7,138	7,759	-8%
Profit before tax	3,650	3,602	+1%
Basic earnings per ordinary share	4.92p	4.81p	+2%
Adjusted basic earnings per ordinary share (see note 3)	25.32p	18.62p	+36%
Total dividend per ordinary share	6.90p	6.60p	+5%
Net debt at end of period (2)	13,247	30,767	-57%

(1) As restated for IFRS.

(2) Net debt consists of cash and cash equivalents together with interest bearing loans and borrowings, loan notes and finance lease and hire purchase contracts.

Highlights

Total revenue increased by 4.0% in the year and by 0.3% on a like for like basis in the JD Sports Fascias.

Gross margin improved from 45.6% to 46.2% reflecting improved stock quality in the Fashion Fascias.

Net debt reduced by £17.6 million in the year and £37.8 million in two years, even after the purchase of Allsports for £15.0 million in the current year and RD Scott for £4.5 million in the previous year.

Exceptional items of £13.0m mainly as a result of continuing store portfolio rationalisation.

Peter Cowgill, Executive Chairman, said:

'The period was another year of encouraging progress for our core Sports Fascias. As well as improving the operating profitability of the Group, we have reduced net debt by a further £17.6 million bringing total net debt to £13.2 million, a two year fall of £37.8 million.

'We remain convinced that the Allsports store portfolio which we have retained will generate a profit in the future. Overall the Board expects results to continue to improve, particularly in the second half, and trading remains in line with expectations.'

Enquiries:

The John David Group Plc
Peter Cowgill, Executive Chairman

Tel: 0870 873 0333

Barry Bown, Chief Executive
Brian Small, Finance Director

Hogarth Partnership Limited Tel: 020 7357 9477
Andrew Jaques
Barnaby Fry
Charlie Field

EXECUTIVE CHAIRMAN'S STATEMENT

INTRODUCTION

The 52 week period to 28 January 2006 was another year of encouraging progress for our core Sports Fascias. Our long term plans are to enhance operating profitability, eliminate underperforming stores, and to control overhead growth against a background of above inflationary increases in rents, rates, utilities and minimum wage rates. Our success against these objectives has enabled us to improve our operating profit before exceptional items and after net financing costs to £16.6 million (2005: £12.9 million).

The Group operating profit before exceptional items and net financing costs for the year of £20.1 million (2005: £17.1 million) includes a Sports Fascias profit of £22.6 million. The Sports Fascias profit includes the Allsports stores' results from 29 October 2005 when they were acquired from the Administrators of Allsports Retail Limited. These stores have now become an integral part of the JD Sports store portfolio. The balance is a £2.5 million loss from the Fashion Fascias which now run with autonomous management, their own separate stock files and fully identifiable overhead. The total Fashion Fascias store contribution improved in the year as a result of a substantial improvement in margin after the high stock writedowns and clearance activity of the previous year.

As well as improving the operating profitability of the Group we have again improved its stock quality and year end stocks were only up by £1.6 million even after the Allsports acquisition. This has helped us to reduce net debt by a further £17.6 million bringing down total net debt to £13.2 million, a two year fall of £37.8 million despite the purchase of RD Scott Limited in December 2004 for £4.5 million and the Allsports' business and assets in October 2005 for £15.0 million.

SPORTS FASCIAS AND ALLSPORTS ACQUISITION

The Sports Fascias continue to benefit from a differentiated sports fashion led product positioning and a well designed own brand and licensed brand proposition. The results of the Sports Fascias are encouraging and their improved performance endorses the positioning and the operational strategy we have been pursuing for the last two years.

The appointment of Administrators at the heavily loss making Allsports chain in September 2005 afforded us the chance to be a major player in the further consolidation which is ongoing amongst sports retailers. Allsports operated nearly 270 generally small stores immediately before the appointment of Administrators but over 90 of the stores were closed very shortly after that appointment. On 28 October 2005 we acquired most of the business assets of Allsports and the right to occupy and trade from its premises under licence for £15.0 million.

The acquired store portfolio enabled us to clear most of the excessive and poor quality stocks of Allsports in the financial period whilst further assessing the business and its prospects store by store, initially with the incumbent management team. Although our original intention was to operate the Allsports stores under the Allsports name, we decided in January that this Fascia was no longer of value as a trading format and that it was difficult to obtain a sufficiently differentiated product offer to allow it to reclaim a profitable market position. Consequently its management team was made redundant and we now operate nearly 80 of the acquired stores as JD Sports stores with the remainder reverting to the Administrators. Nearly all the long term retained stores have been converted to the JD fascia in the first quarter of the new financial period and the lease assignments for the long term store portfolio are progressing well.

Like for like sales figures for the Allsports chain will not become meaningful until after next year when the impact of clearance activity drops out of the

comparatives. We remain convinced that the Allsports store portfolio we have retained will generate a profit in the future as a result of the actions we have taken.

FASHION FASCIAS

After the acquisition of RD Scott Limited in December 2004 we have endeavoured to concentrate on converting nearly all the Fashion stores to the Scotts fascia and 8 ex Ath stores have been converted in the period to date. The business suffered in midyear from a shortage of stock as two separate stock files and warehouses were integrated into one but these issues have been resolved.

The like for like sales performance of the business has remained disappointing. However the performance of the acquired and converted Scotts stores has been better than that of the old JD Fashion Fascias. Overall, the results are below our expectations and the Fashion Fascias will only provide profit to the business if some of the larger rented and over rented ex JD Fashion Fascia stores can be disposed of.

GROUP PERFORMANCE

Revenue and gross margin

Total revenue increased by 4.0% in the year (2006: £490.3 million; 2005: £471.7 million) and by 0.3% on a like for like basis in the Sports Fascias (Allsports stores excluded as they were deployed for stock clearance only in the period). The Fashion Fascias fell back by 8.5% on a like for like basis, being split -2.0% in the ex Scotts stores and -13.4% in the JD Fashion Fascia stores where the prior year revenue performance benefited from stock clearance activity.

We are committed to improving like for like sales and gross margin in the long-term in order to compensate for increases in costs, particularly property costs. Gross margin increased in the year from 45.6% to 46.2% helped by a reduction in writedowns and clearance activity in the Fashion division.

Debt reduction and working capital

Net debt was reduced from £30.8 million to £13.2 million in the year bringing gearing down from 57% to 24%.

This brings total debt reduction in the last two years to £37.8 million, a 74% reduction. Inventories have increased only nominally in spite of the acquisition of Allsports. Trade creditors continue to be paid to terms to maximise settlement discounts.

Overheads

Non-store overheads are constantly being reviewed and managed downwards wherever it is possible without damaging the business although the retail sector continues to suffer above average increases in costs such as rents, rates, utility costs and the minimum wage. In spite of these pressures, the selling and distribution overhead ratio was very marginally improved and the biggest gains we can achieve in further improving the ratios will be through increasing sales and the continuing disposal of lossmaking and underperforming stores. Administration overheads have increased reflecting both the full year impact of Scotts and the part year impact of Allsports. This ratio will improve as a result of the elimination of most of Allsports' central administration costs in January 2006.

Operating profits and results

Operating profit before net financing costs and exceptional items increased by £3.0 million from £17.1 million to £20.1 million, representing an 18% increase on last year. Our Group operating profit margin (before net financing costs and exceptional items) has therefore increased from 3.6% to 4.1%.

As a result of increased exceptional items of £13.0 million (2005: £9.3 million), operating profit after exceptional items but before net financing costs fell slightly from £7.8 million to £7.1 million.

The exceptional items comprise:

£m

Onerous lease and lease variation costs	8.7
Allsports restructuring	1.8
Store impairments	3.2
Profit on disposal of fixed assets	(0.7)

Total	13.0

The onerous lease costs relate to the return of properties from recently failed assignments, originally completed in 2002 and 2003, to Pilot and Eisenegger (£3.2 million), vacant stores (£0.8 million), over rented stores (£3.0 million), and the cost of varying an onerous lease to create a break option (£1.7 million).

The Allsports restructuring costs are principally redundancy and store and warehouse closure related costs.

The impairment charge is on a further 25 underperforming stores and half of the charge relates to the Fashion division. Nearly all of these stores have been earmarked for disposal.

Net financing costs of £3.5 million are £0.7 million down on the prior year as a result of reduced debt levels.

STORE PORTFOLIO

The Group store portfolio has had too many underperforming stores and property issues ever since First Sport was acquired in 2002. After my appointment as Executive Chairman in March 2004, I significantly accelerated the store disposal programme and there have been significant exceptional charges again this year as a result of our continuing drive to rationalise the store portfolio. This process will continue for at least a further year.

The future cost of this process is extremely difficult to estimate. Some disposals are achieving premiums which to date have resulted in the net cash cost of disposals not being substantial. The property market is now more difficult than it was two years ago, not helped by a spate of retail failures. We have suffered from those failures this year with the return of assigned property from Eisenegger and Pilot. Overall though, the disposal programme continues to provide an improving store portfolio from which to increase profitability.

During the year store numbers changed as follows:

Sport excluding Allsports:

At 30 January 2005	299
New stores	5
Conversions from Fashion	2
Size concessions in Open	2
Disposals	(18)

At 28 January 2006	290

Fashion:

At 30 January 2005	53
Conversions to Sport	(2)
Shop within JD Leicester	1
Disposals	(6)

At 28 January 2006	46

DIVIDENDS AND EARNINGS PER ORDINARY SHARE

The Board proposes paying a final dividend of 4.60p (2005: 4.40p) per ordinary share bringing the total dividend paid for the year to 6.90p (2005: 6.60p) per ordinary share. The proposed final dividend will be paid on 31 July 2006 to all shareholders on the register at 12 May 2005.

The adjusted earnings per ordinary share before exceptional items is 25.32p

(2005: 18.62p).

The basic earnings per ordinary share was 4.92p (2005: 4.81p).

CURRENT TRADING AND OUTLOOK

Trading since the year end has been satisfactory with like for like sales in the JD Sports Fascia stores up 2.1% to 29 April 2006. The Fashion Fascias like for like sales for the same thirteen week period are -5.2% and trading continues to be held back by the ex JD Fashion Fascia stores. Fashion sales presently represent less than 8% of Group sales. Overall the Board expects results to continue to improve, particularly in the second half, and trading remains in line with our expectations.

EMPLOYEES

The Group's employees are an essential part of the Group's success and we continue to invest in training to improve our customer service and operations. The Board appreciates their hard work and commitment and thanks them for it.

Peter Cowgill
Executive Chairman
4 May 2006

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 28 January 2006

	Note	52 weeks to January 2006 Continuing Operations £000	52 weeks to 29 January 2005 Continuing Operations £000
Revenue		490,288	471,656
Cost of sales		(263,608)	(256,504)
		-----	-----
Gross profit		226,680	215,152
Selling and distribution expenses - normal		(192,730)	(186,230)
Selling and distribution expenses - exceptional		(11,206)	(8,603)
Administrative expenses - normal		(15,438)	(12,777)
Administrative expenses - exceptional		(1,777)	(736)
Other operating income		1,609	953
		-----	-----
Operating profit before financing		7,138	7,759
Before exceptional items		20,121	17,098
Exceptional items	2	(12,983)	(9,339)
Operating profit before financing		7,138	7,759
Financial income		230	304
Financial expenses		(3,718)	(4,461)
		-----	-----
Profit before tax		3,650	3,602
Income tax expense		(1,302)	(1,341)
		-----	-----
Profit for the period		2,348	2,261
		=====	=====
Basic earnings per ordinary share	3	4.92p	4.81p
		-----	-----
Diluted earnings per ordinary share	3	4.92p	4.81p
		=====	=====

The Group has no recognised gains or losses other than the results reported above.

The results above also represent the historic cost profit.

CONSOLIDATED BALANCE SHEET
as at 28 January 2006

	As at 28 January 2006 £000	As at 29 January 2005 £000
Assets		
Intangible assets	21,767	19,130
Property, plant and equipment	49,200	54,074
Other receivables	2,515	2,715
	-----	-----
Total non-current assets	73,482	75,919
	-----	-----
Inventories	55,450	53,857
Income tax receivable	1,736	-
Trade and other receivables	12,039	11,707
Cash and cash equivalents	9,336	6,531
	-----	-----
Total current assets	78,561	72,095
	-----	-----
Total assets	152,043	148,014
	=====	=====
Liabilities		
Interest bearing loans and borrowings	(12,178)	(11,212)
Trade and other payables	(56,346)	(43,629)
Provisions	(2,569)	(674)
Income tax liabilities	-	(1,417)
	-----	-----
Total current liabilities	(71,093)	(56,932)
	-----	-----
Interest bearing loans and borrowings	(10,405)	(26,086)
Other payables	(9,299)	(10,266)
Provisions	(4,988)	(940)
Deferred tax liabilities	(1,665)	(190)
	-----	-----
Total non-current liabilities	(26,357)	(37,482)
	-----	-----
Total liabilities	(97,450)	(94,414)
	=====	=====
Total assets less total liabilities	54,593	53,600
	=====	=====
Capital and reserves		
Issued ordinary share capital	2,413	2,364
Share premium	10,823	9,042
Retained earnings	41,357	42,194
	-----	-----
Total equity attributable to equity shareholders	54,593	53,600
	=====	=====

RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES
as at 28 January 2006

	Issued Ordinary Share Capital £000	Share Premium £000	Retained Earnings £000	Total Equity £000
Balance at 1 February 2004	2,338	8,917	41,749	53,004
Issue of ordinary share capital	26	120	-	146
Total recognised income and expense	-	-	2,261	2,261
Dividends	-	-	(1,816)	(1,816)
Scrip dividend adjustment	-	5	-	5
	-----	-----	-----	-----
Balance at 29 January 2005	2,364	9,042	42,194	53,600
Issue of ordinary share capital	37	1,160	-	1,197
Total recognised income and expense	-	-	2,348	2,348
Dividends	-	-	(3,185)	(3,185)
Irrevocable dividend waiver	12	621	-	633
	-----	-----	-----	-----

Balance at 28 January 2006	2,413	10,823	41,357	54,593
	=====	=====	=====	=====

CONSOLIDATED STATEMENT OF CASH FLOWS
for the 52 weeks ended 28 January 2006

	52 weeks to 28 January 2006 £000	52 weeks to 29 January 2005 £000
Cash flows from operating activities		
Profit for the period	2,348	2,261
Income tax expense	1,302	1,341
Financial expenses	3,718	4,461
Financial income	(230)	(304)
Depreciation of property, plant and equipment	10,236	10,823
Impairment of property, plant and equipment	3,172	6,301
Amortisation of non-current other receivables	396	288
Impairment of non-current other receivables	34	400
(Profit)/loss on disposal of non-current assets	(676)	616
Decrease in inventories	10,585	14,674
Decrease in trade and other receivables	1,169	2,360
Increase/(decrease) in trade and other payables and provisions	13,895	(6,002)
Interest paid	(3,718)	(4,461)
Income taxes (paid)/received	(2,841)	244
	-----	-----
Net cash from operating activities	39,390	33,002
	-----	-----
Cash flows from investing activities		
Interest received	230	304
Proceeds from sale of non-current assets	1,782	2,910
Disposal costs of non-current assets	(683)	(1,885)
Acquisition of property, plant and equipment	(6,566)	(5,803)
Acquisition of non-current other receivables	(261)	(368)
Cash consideration of acquisitions	(15,020)	(4,183)
Net cash / (overdrawn) balances acquired on acquisitions	3	(420)
	-----	-----
Net cash used in investing activities	(20,515)	(9,445)
Cash flows from financing activities		
Proceeds from issue of ordinary share capital	1,197	146
Repayment of interest bearing loans and borrowings	(12,500)	(21,500)
Payment of finance lease and hire purchase contracts	(415)	(170)
Dividends paid	(2,552)	(1,816)
	-----	-----
Net cash used in financing activities	(14,270)	(23,340)
Net increase in cash and cash equivalents	4,605	217
	-----	-----

ANALYSIS OF NET DEBT
for the 52 weeks ended 28 January 2006

	At 29 January 2005 £000	Cashflow £000	Other non cash changes £000	At 28 January 2006 £000
Cash at bank and in hand	6,531	2,805	-	9,336
Overdraft	(1,800)	1,800	-	-
	-----	-----	-----	-----
Cash and cash equivalents	4,731	4,605	-	9,336
Interest bearing loans and borrowings				
Current	(9,000)	3,000	(6,000)	(12,000)
Non-current	(25,500)	9,500	6,000	(10,000)

Loan notes	(287)	-	-	(287)
Finance lease and hire purchase contracts	(711)	415	-	(296)
	-----	-----	-----	-----
	(30,767)	17,520	-	(13,247)
	=====	=====	=====	=====

1. SEGMENTAL ANALYSIS

The Group manages its business activities through two Divisions - Sport and Fashion. Each Division has its own executive board responsible for managing day to day operations through its trading outlets. Revenue and costs are readily identifiable for each segment, for the 52 weeks ended 28 January 2006.

The Divisional results for the 52 weeks to 28 January 2006 are as follows:

INCOME STATEMENT	Sport £000	Fashion £000	Unallocated £000	Total £000
Revenue	448,884 =====	41,404 =====	- =====	490,288 =====
Operating profit/(loss) before financing and exceptional items	22,659	(2,538)	-	20,121
Exceptional items	(8,716)	(4,267)	-	(12,983)
Financial income	-	-	230	230
Financial expenses	-	-	(3,718)	(3,718)
	=====	=====	=====	=====
Profit/(loss) before tax	13,943 =====	(6,805) =====	(3,488) =====	3,650 =====

The Board consider that net funding costs are cross-divisional in nature and cannot be allocated between the Divisions in a meaningful way.

BALANCE SHEET	Sport £000	Fashion £000	Unallocated £000	Total £000
Total assets	113,204 =====	15,336 =====	23,503 =====	152,043 =====
Total liabilities	(54,295) =====	(19,490) =====	(23,665) =====	(97,450) =====

Unallocated assets and liabilities relate to items which are cross-divisional including tax, goodwill and net debt.

OTHER SEGMENT INFORMATION	Sport £000	Fashion £000	Unallocated £000	Total £000
Capital expenditure:				
Property, plant and equipment	4,786	1,780	-	6,566
Non-current other receivables	192	69	-	261
Goodwill on acquisition	-	-	2,174	2,174
Fair value adjustment to goodwill	-	-	463	463
Depreciation, amortisation and impairments:				
Depreciation	9,121	1,115	-	10,236
Amortisation of non-current other receivables	363	33	-	396
Impairments of property, plant and equipment	1,605	1,567	-	3,172
Impairments of non-current other receivables	23	11	-	34

Following the acquisition of RD Scott Limited on 15 December 2004, the Fashion Division has been managed by the management team of that company. Prior to that it shared its facilities and management with the Sports Fascias. Consequently no meaningful comparatives are available.

The financial operation and assets of the Group are principally located in the United Kingdom. Accordingly, no geographical analysis is presented.

2. EXCEPTIONAL ITEMS

	52 weeks to 28 January 2006 £000	52 weeks to 29 January 2005 £000
(Profit)/loss on disposal of non-current assets	(676)	616
Provision for rentals on onerous property leases	6,954	1,286
Impairment of property, plant and equipment	3,172	6,301
Impairment of non-current other receivables	34	400
Lease variation costs	1,722	-
Allsports restructuring costs	1,777	-
Redundancy costs	-	440
Bank reorganisation costs	-	296
	-----	-----
	12,983	9,339
	=====	=====

Non-current other receivables comprises legal fees and other costs associated with the acquisition of leasehold interests.

3. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 28 January 2006 is based on the profit attributable to ordinary shareholders of £2,348,000 (2005: £2,261,000) and a weighted average number of ordinary shares outstanding during the 52 weeks ended 28 January 2006 of 47,721,276 (2005: 46,978,013), calculated as follows:

	52 weeks to 28 January 2006	52 weeks to 29 January 2005
Issued ordinary shares at beginning of period	47,276,628	46,748,607
Effect of shares issued during the period	444,648	229,406
	-----	-----
Weighted average number of ordinary shares during the period	47,721,276	46,978,013
	=====	=====

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 28 January 2006 is based on the profit attributable to ordinary shareholders of £2,348,000 (2005: £2,261,000) and a weighted average number of ordinary shares outstanding during the 52 weeks ended 28 January 2006 of 47,721,276 (2005: 46,981,420), calculated as follows:

	52 weeks to 28 January 2006	52 weeks to 29 January 2005
Weighted average number of ordinary shares during the period	47,721,276	46,978,013
Dilutive effect of outstanding share options	-	3,407
	-----	-----
Weighted average number of ordinary shares (diluted) during the period	47,721,276	46,981,420
	=====	=====

Adjusted basic earnings per ordinary share

Adjusted basic earnings per ordinary share has been based on the profit attributable to ordinary shareholders for each financial period but excluding the post tax effect of exceptional items. The directors consider that this gives a more meaningful measure of the underlying performance of the Group.

		52 weeks to 28 January 2006 £000	52 weeks to 29 January 2005 £000
	Note		
Profit attributable to ordinary shareholders		2,348	2,261
Exceptional items excluding (profit)/loss on disposal of non-current assets	2	13,659	8,723
Tax relating to exceptional items		(3,925)	(2,235)
		-----	-----
Profit attributable to ordinary shareholders excluding exceptional items		12,082	8,749
		-----	-----
Adjusted basic earnings per ordinary share		25.32p	18.62p
		=====	=====

4. ACCOUNTS

These figures are abridged versions of the Group's full accounts for the 52 weeks ended 28 January 2006 and do not constitute the Group's statutory accounts within the meaning of Section 240 of the Companies Act 1985. The Group's auditors have audited the statutory accounts for the Group and have issued an unqualified audit opinion thereon within the meaning of Section 235 of the Companies Act 1985 and have not made any statement under Section 237 (2) or (3) of the Companies Act 1985 for the 52 weeks ended 28 January 2006.

The comparative figures for the 52 weeks ended 29 January 2005 do not constitute the Group's consolidated financial statements for that financial period. Those accounts, which were prepared under UK GAAP, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985. These accounts were delivered to the Registrar of Companies following the Annual General Meeting.

Copies of full accounts will be sent to shareholders in due course. Additional copies will be available from The John David Group Plc, Hollinsbrook Way, Pilsworth, Bury, Lancashire, BL9 8RR.

This information is provided by RNS
The company news service from the London Stock Exchange