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TOUGH TIMES: Half-year profits at Newcastle United owner Mike Ashley's Sports Direct business plummeted to £21.2m, down from £70.1m.

Profits at Ashley's empire down 70%

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Catch up on a stormy summer at Sports Direct at nebusiness.co.uk

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NEWCASTLE United owner Mike Ashley remained stoic yesterday after posting plunging profits for his sports retailer Sports Direct International after the England football team failed to qualify for Euro 2008.

Half-year profits at the business plummeted by nearly 70% to £21.2m this year, down from £70.1m, and the group forecast it would also suffer an underlying earnings hit of up to £70m over the next 12 months because of the football team's absence from next summer's flagship tournament.

Sports Direct has major licensing deals with England replica shirt manufacturer Umbro, and also owns some of Britain's most popular sports brands including Slazenger, Dunlop and Kangol.

The business revealed that Umbro would make one million instead of three million England shirts as a result of the footballing failure, and that sales of other England-related products would also be much lower.

Chief executive Dave Forsey said Sports Direct's business was "completely different" when the country's footballers did not qualify for a major tournament and that the wet summer had helped give the firm its worst ever six months trading.

Sports Direct's interim results are the latest bad news for the group since it listed on the stock

market in February. The shares were issued at 300p but have gone on to lose two-thirds of their value.

Tycoon Mr Ashley, who netted a windfall of £929m from the flotation, said he had "no regrets" about taking his business public.

He said that the shares were currently "significantly undervalued", and that he expected to better full-year forecasts in underlying earnings of £137.7m. He insisted that he remained "absolutely committed" to Sports Direct.

He said: "We got in this car, we started this car and I am intending to finish the journey. I am absolutely committed to that."

Analysts at Panmure Gordon said Sports Direct's numbers were "terrible", but that management confidence in its underlying earnings could be enough to stabilise the price.

Sports Direct shares rose 14% or 13.75p to 98p yesterday, valuing Mr Ashley's stake at £402m.

Referring to recent speculation that he might become chairman of Sports Direct, current deputy chairman Mr Ashley said it was a possible structure.

But he said that he would need a "heavyweight deputy chairman" in that case.

By Iain Laing

Firms bid for World Cup wins

TWO fledgling businesses are vying to achieve what the English football team has failed to do in over 40 years - overcome the Germans to land World Cup success.

New design firm Keltie + Cochrane and events group Urban Events, both from Tyneside, are bidding against a number of German companies to develop and run 'fan villages' at the 2010 football World Cup in South Africa.

And the two firms, which are

both in their first year of operation, have already taken an early lead by winning the first fan village contract for Port Elizabeth, 770km east of Cape Town.

Keltie + Cochrane will develop animation and websites to showcase the fan villages while Urban Events will design the facilities and act as a consultant to local authorities in the running of them.

The facilities will serve as safety zones for football fans before, during and after games and

will house giant screens, entertainment facilities and five-a-side football pitches.

Contracts for the fan villages will be awarded by the local authorities of each city under the guidance of football's governing body, Fifa.

Urban Events managing director Tim Cantle-Jones - the former chairman of Sport England for the North-East - expects the two companies to win contracts for at least four cities and possibly even all 10.



Peter Jackson

WE are told the Mounties always get their man - but can they catch a rogue elf?

This particular elf has written obscene letters to children in Canada on behalf of Father Christmas, and now Canada's police and post office are trying to track him down.

According to reports, at least 10 nasty letters were delivered to children in Ottawa who wrote in under Canada Post's popular 'Write to Santa' programme. It seems that one of the 1.1,000-strong army of employees and volunteers, who reply on Santa's behalf, has a warped sense of humour, and the whole programme has been suspended until he is caught.

Gordon Brown must know how those 10 children feel. After all, he must have been sure he had been a good boy all year and so would have been expecting lots of goodies by way of reward.

Instead he has been receiving some pretty nasty letters himself.

First, the CBI has written to

Gordon Brown must know how those 10 children feel

downgrade its predictions for UK economic growth from 2.2% to 2%. And there's no reason to think it will stop there, as this was its third consecutive downgrade for 2008. Just for good measure, it also reckons higher oil and food prices will push inflation up to 2.6% by year end, so don't necessarily expect any soothing interest rate cuts.

Then the Bank of Scotland released a survey suggesting the outlook for small firms in the UK has worsened in recent months. It seems that more than 60% of small firms think economic conditions will deteriorate in the year ahead and only 7% think the outlook will improve.

On top of that, as if to prove he really does have it in for Gordon, the rogue elf adopted the guise of the Bank of England governor Mervyn King, who chipped in on Tuesday to say there could be more bad news for the financial markets, and the recent action by central banks to ease the credit crunch may not be enough to stop a big slowdown in the world economy.

In the face of all this gloom, I really must wish Gordon, and the rest of my readers, a Merry Christmas and a Happy New Year.

Remember - things can only get better.

Whatever the rogue elf might say.