

Company Registration No. 1978915 (England and Wales)

POWAKADDY INTERNATIONAL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

THURSDAY



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POWAKADDY INTERNATIONAL LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | T Hale RM Ledger S Riley S Homer |
| Secretary | RM Ledger |
| Company number | 1978915 |
| Registered office | Castle Road Sittingbourne Kent ME10 3RN |
| Auditors | HLB Vantis Audit plc 66 Wigmore Street London W1U 2SB |
| Solicitors | Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH |

POWAKADDY INTERNATIONAL LIMITED

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POWAKADDY INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and financial statements for the year ended 31 December 2008.

Principal activities and review of the business

The principal activity of the company is that of the design, manufacture and distribution of powered golf trolleys.

The directors are pleased with the performance this year and anticipate continued improvement.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key risks affecting the company are considered to relate to competition from both domestic and overseas suppliers, product quality and product availability.

Financial instruments

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and inter-group loans to and from the company. The main purpose of these instruments is to finance the company's operations.

The Group manages its cash and borrowing requirements centrally to maximize interest income and minimize interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its businesses.

The company has foreign currency exposures arising from trading with overseas suppliers, principally denominated in US dollars. Group policy is to hedge against currency movements by covering at least 50% of the group's budgeted US dollar requirement at least 6 months forward.

In respect of inter-group loans these are interest free and payable/repayable on demand. The parent company is aware of the company's required finance and has determined that the balance will only be repaid, in whole or part, when finance is available and not within the next 12 months.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts falling due.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2008:

T Hale
RM Ledger
S Riley
S Homer

Auditors

A resolution proposing that HLB Vantis Audit plc be reappointed as auditors of the company will be put to the Annual General Meeting.

POWAKADDY INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

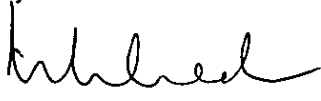
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



RM Ledger

Secretary

12 June 2009

POWAKADDY INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF POWAKADDY INTERNATIONAL LIMITED

We have audited the financial statements of Powakaddy International Limited for the year ended 31 December 2008 set out on pages 5 to 16. These financial statements have been prepared under the accounting policies set out therein.

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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

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 read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 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.

POWAKADDY INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF POWAKADDY INTERNATIONAL LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

HLB Vantis Audit plc

HLB Vantis Audit plc

12 June 2009

Chartered Accountants
Registered Auditor

66 Wigmore Street
London
W1U 2SB



POWAKADDY INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

| | Notes | 2008 £'000s | 2007 £'000s |
|---|-------|----------------|----------------|
| Turnover | 2 | 16,270 | 17,352 |
| Cost of sales | | (10,847) | (11,666) |
| Gross profit | | 5,423 | 5,686 |
| Administrative expenses | | (4,848) | (5,310) |
| Operating profit | 3 | 575 | 376 |
| Interest payable and similar charges | 4 | (2) | - |
| Profit on ordinary activities before taxation | | 573 | 376 |
| Tax on profit on ordinary activities | 5 | (131) | 239 |
| Profit for the year | 15 | 442 | 615 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

POWAKADDY INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

| | | 2008 | 2007 |
|--|-------|----------------|----------------|
| | Notes | £'000s | £'000s |
| Fixed assets | | | |
| Tangible assets | 6 | 997 | 884 |
| Current assets | | | |
| Stocks | 8 | 1,799 | 1,148 |
| Debtors | 9 | 2,391 | 2,517 |
| Deferred tax asset | 9 | 560 | 691 |
| Cash at bank and in hand | | 826 | 364 |
| | | <u>5,576</u> | <u>4,720</u> |
| Creditors: amounts falling due within one year | 10 | <u>(2,766)</u> | <u>(2,275)</u> |
| Net current assets | | <u>2,810</u> | <u>2,445</u> |
| Total assets less current liabilities | | <u>3,807</u> | <u>3,329</u> |
| Creditors: amounts falling due after more than one year | 11 | (668) | (707) |
| Provisions for liabilities | 12 | (586) | (511) |
| | | <u>2,553</u> | <u>2,111</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 600 | 600 |
| Profit and loss account | 15 | 1,953 | 1,511 |
| Shareholders' funds | 16 | <u>2,553</u> | <u>2,111</u> |

Approved by the Board and authorised for issue on 12 June 2009



RM Ledger
Director

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of discounts, VAT and other sales related taxes.

Revenues are recognised at the point of despatch.

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|------------------------|-------------------------|
| Leasehold improvements | 20 years straight line |
| Plant and machinery | 3-5 years straight line |

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. Operating lease incentives received are spread over the period of the lease and are split between long and short term creditors.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Pensions

The company contributes to personal pension plans for the benefit of certain of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

(continued)

1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account. Where forward contracts have been necessarily exercised but the originally intended purchases had not been made for commercial reasons, the balances of foreign currencies held for the payment of future purchases in the following financial period are not retranslated.

1.12 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company's subsidiary undertaking is dormant and immaterial and therefore falls outside of the scope of FRS 2 'Accounting for Subsidiary Undertakings'.

1.13 Provisions

In accordance with FRS12, the company provides for costs arising from past events, which result in a present obligation. These provisions primarily relate to warranty costs, which are assessed through the analysis of products sold to arrive at a best estimate of the likely costs to the company.

2 Turnover

Geographical market

| | Turnover | |
|----------------|---------------|---------------|
| | 2008 | 2007 |
| | £'000s | £'000s |
| United Kingdom | 13,252 | 14,724 |
| Rest of Europe | 2,423 | 2,025 |
| Rest of World | 595 | 603 |
| | <u>16,270</u> | <u>17,352</u> |

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

| 3 | Operating profit | 2008 £'000s | 2007 £'000s |
|---|--|----------------|----------------|
| | Operating profit is stated after charging: | | |
| | Depreciation of tangible assets | 159 | 321 |
| | Loss on disposal of tangible assets | - | 10 |
| | Research and development | 211 | 264 |
| | Operating lease rentals | | |
| | - Other assets | 286 | 224 |
| | Auditors' remuneration | 15 | 20 |
| | and after crediting: | | |
| | Profit on foreign exchange transactions | (270) | (28) |

Fees paid to the company's auditor, HLB Vantis Audit Plc, and its associates for services other than the statutory audit of the company are not disclosed in the company accounts since the consolidated accounts of the immediate parent, PowaKaddy Group Limited, are required to disclose non audit fees on a consolidated basis.

| 4 | Interest payable | 2008 £'000s | 2007 £'000s |
|---|------------------------------|----------------|----------------|
| | On bank loans and overdrafts | 2 | - |

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

| 5 | Taxation | 2008 £'000s | 2007 £'000s |
|---|---|----------------|----------------|
| | Current tax charge | - | - |
| | Deferred tax | | |
| | Deferred tax charge/credit current year | 131 | (239) |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 573 | 376 |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007 - 30.00%) | 160 | 113 |
| | Effects of: | | |
| | Non deductible expenses | 10 | 3 |
| | Depreciation add back | 45 | 99 |
| | Capital allowances | (76) | (92) |
| | Tax losses utilised | (159) | (1) |
| | Provisions tax adjustment | 20 | (122) |
| | | (160) | (113) |
| | Current tax charge | - | - |

The company has estimated losses of £ 1,700,000 (2007 - £ 2,200,000) available for carry forward against future trading profits.

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

6 Tangible fixed assets

| | Leasehold improvements £'000s | Plant and machinery £'000s | Total £'000s |
|-----------------------------|-------------------------------------|----------------------------------|-----------------|
| Cost | | | |
| At 1 January 2008 | 687 | 1,404 | 2,091 |
| Additions | - | 247 | 247 |
| Transfer from group company | - | 266 | 266 |
| At 31 December 2008 | 687 | 1,917 | 2,604 |
| Depreciation | | | |
| At 1 January 2008 | 39 | 1,168 | 1,207 |
| Charge for the year | 34 | 125 | 159 |
| Transfer from group company | - | 241 | 241 |
| At 31 December 2008 | 73 | 1,534 | 1,607 |
| Net book value | | | |
| At 31 December 2008 | 614 | 383 | 997 |
| At 31 December 2007 | 648 | 236 | 884 |

7 Fixed asset investments

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company | Country of registration or incorporation | Shares held Class | % |
|--------------------------------|---|----------------------|--------|
| Subsidiary undertakings | | | |
| PowaKaddy Marketing Limited | England and Wales | Ordinary | 100.00 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

| | | Capital and reserves 2008 £ | Profit/(loss) for the year 2008 £ |
|-----------------------------|-------------------------------|--------------------------------------|--|
| PowaKaddy Marketing Limited | Principal activity Dormant | 2 | - |

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

| 8 | Stocks | 2008 £'000s | 2007 £'000s |
|----|---|----------------|----------------|
| | Raw materials and consumables | 1,132 | 680 |
| | Finished goods and goods for resale | 667 | 468 |
| | | <u>1,799</u> | <u>1,148</u> |
| 9 | Debtors | 2008 £'000s | 2007 £'000s |
| | Trade debtors | 2,065 | 1,984 |
| | Amounts owed by parent and fellow subsidiary undertakings | - | 261 |
| | Prepayments and accrued income | 326 | 272 |
| | Deferred tax asset (see note 12) | 560 | 691 |
| | | <u>2,951</u> | <u>3,208</u> |
| 10 | Creditors: amounts falling due within one year | 2008 £'000s | 2007 £'000s |
| | Bank overdraft | 371 | - |
| | Trade creditors | 1,174 | 1,209 |
| | Amounts owed to parent and fellow subsidiary undertakings | 502 | 387 |
| | Taxes and social security costs | 119 | 196 |
| | Accruals and deferred income | 600 | 483 |
| | | <u>2,766</u> | <u>2,275</u> |
| 11 | Creditors: amounts falling due after more than one year | 2008 £'000s | 2007 £'000s |
| | Operating lease incentives spread over life of lease | <u>668</u> | <u>707</u> |

The bank overdraft is secured by a debenture on the company's assets.

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

12 Provisions for liabilities

| | Other £'000s |
|----------------------------------|-----------------|
| Balance at 1 January 2008 | 511 |
| Provision usage in the year | (438) |
| Additional provision in the year | 357 |
| Transfer from Hill Billy Limited | 156 |
| | <hr/> |
| Balance at 31 December 2008 | 586 |
| | <hr/> <hr/> |

The company sells goods under warranty. The warranty provision is the company's best estimate of the cost of fulfilling its obligations in this regard, based on the underlying claims rate by product line. At the year end Hill Billy Limited's trade was transferred to the company and accordingly the warranty provision of £156,000 within Hill Billy Limited was also transferred to the company on this date.

The deferred tax asset (included in debtors, note 9) is made up as follows:

| | 2008 £'000s |
|-----------------------------|----------------|
| Balance at 1 January 2008 | (691) |
| Profit and loss account | 131 |
| | <hr/> |
| Balance at 31 December 2008 | (560) |
| | <hr/> <hr/> |

| | 2008 £'000s | 2007 £'000s |
|--------------------------------|----------------|----------------|
| Decelerated capital allowances | (35) | (30) |
| Other timing differences | (35) | (37) |
| Tax losses available | (490) | (624) |
| | <hr/> | <hr/> |
| | (560) | (691) |
| | <hr/> <hr/> | <hr/> <hr/> |

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

13 Pension and other post-retirement benefit commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

| | 2008 £'000s | 2007 £'000s |
|---|----------------|----------------|
| Contributions payable by the company for the year | 25 | 27 |

14 Share capital

| | 2008 £ | 2007 £ |
|---|-----------|-----------|
| Authorised | | |
| 600,100 Ordinary shares of £1 each | 600,100 | 600,100 |
| | £'000s | £'000s |
| Allotted, called up and fully paid | | |
| 600,100 Ordinary shares of £1 each | 600 | 600 |

15 Statement of movements on profit and loss account

| | Profit and loss account £'000s |
|-----------------------------|---|
| Balance at 1 January 2008 | 1,511 |
| Profit for the year | 442 |
| Balance at 31 December 2008 | 1,953 |

16 Reconciliation of movements in shareholders' funds

| | 2008 £'000s | 2007 £'000s |
|-------------------------------|----------------|----------------|
| Profit for the financial year | 442 | 615 |
| Opening shareholders' funds | 2,111 | 1,496 |
| Closing shareholders' funds | 2,553 | 2,111 |

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

17 Contingent liabilities

At the year end there existed a guarantee in favour of HM Revenue and Customs amounting to £80,000 (2007: £80,000). The company was subject to a cross guarantee of bank and other loans with other group companies which totalled £10,277,000 (2007: £10,777,000) at the year end.

18 Financial commitments

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2009:

| | Land and buildings | | Other | |
|--------------------------------|--------------------|------------|-----------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| | £'000s | £'000s | £'000s | £'000s |
| Operating leases which expire: | | | | |
| Within one year | - | - | 30 | 10 |
| Between two and five years | - | - | 23 | 66 |
| In over five years | 283 | 283 | - | - |
| | <u>283</u> | <u>283</u> | <u>53</u> | <u>76</u> |

19 Directors' emoluments

| | 2008 | 2007 |
|---|------------|------------|
| | £'000s | £'000s |
| Emoluments for qualifying services | 413 | 398 |
| Company pension contributions to money purchase schemes | 4 | 3 |
| | <u>417</u> | <u>401</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2007 - 1).

Emoluments disclosed above include the following amounts paid to the highest paid director:

| | | |
|------------------------------------|------------|------------|
| Emoluments for qualifying services | <u>142</u> | <u>135</u> |
|------------------------------------|------------|------------|

POWAKADDY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

| | 2008 Number | 2007 Number |
|--------------------------|----------------|----------------|
| Administration and sales | 36 | 31 |
| Factory and production | 47 | 59 |
| | <u>83</u> | <u>90</u> |

Employment costs

| | 2008 £'000s | 2007 £'000s |
|-----------------------|----------------|----------------|
| Wages and salaries | 2,041 | 2,124 |
| Social security costs | 166 | 163 |
| Other pension costs | 25 | 27 |
| | <u>2,232</u> | <u>2,314</u> |

21 Control

The ultimate parent company is PowaKaddy Group Limited. Group accounts for this company can be obtained from Castle Road, Sittingbourne, Kent, ME10 3RN.

22 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the immediate parent company.