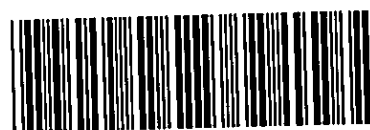


Company Registration No. 03343793 (England and Wales)

KANGOL LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2008

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KANGOL LTD

COMPANY INFORMATION

Directors	R F Mellors D M Forsey
Secretary	R L Tylee-Birdsall
Company number	03343793
Registered office	Unit A Brook Park East Shirebrook NG20 8RY
Auditor	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Business address	Unit A Brook Park East Shirebrook NG20 8RY
Bankers	HBOS plc 38 Threadneedle St London EC2P 2EH

KANGOL LTD

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KANGOL LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2008

The directors present their report and financial statements for the year ended 30 April 2008. The comparative information is for the sixteen month period ended 30 April 2007.

Principal activities and review of the business

The principal activity of the company continued to be that of licensing Kangol branded products.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 May 2007:

R F Mellors

D M Forsey

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which 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 which 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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

On behalf of the board


R F Mellors

Director 24/02/09

KANGOL LTD

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KANGOL LTD

We have audited the financial statements of Kangol Ltd on pages 4 to 12 for the year ended 30 April 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 17. 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 Directors' Report and financial statements in accordance with United Kingdom law and 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.

KANGOL LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF KANGOL LTD

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 30 April 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 for the period ended 30 April 2008.

Grant Thornton UK LLP

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Grant Thornton UK LLP
Chartered Accountants
Registered Auditor

London
Date..... *24/02/09*

KANGOL LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2008

	Notes	2008 £	2007 £
Turnover	2	1,189,229	1,908,189
Cost of sales		(6,462)	(141,603)
Gross profit		1,182,767	1,766,586
Administrative expenses		(1,034,998)	(3,872,778)
Operating profit/(loss)	3	147,769	(2,106,192)
Other interest receivable and similar income	4	2,794	3,006
Interest payable and similar charges	5	-	(4,944)
Profit/(loss) on ordinary activities before taxation		150,563	(2,108,130)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) for the year	12	150,563	(2,108,130)

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 the profit for the financial year.

KANGOL LTD

BALANCE SHEET

AS AT 30 APRIL 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Intangible assets	7	2,933,810		3,238,328	
Current assets					
Debtors	8	10,962,745		10,036,095	
Cash at bank and in hand		8,965		335,608	
		<u>10,971,710</u>		<u>10,371,703</u>	
Creditors: amounts falling due within one year	9	<u>(520,730)</u>		<u>(375,804)</u>	
Net current assets		10,450,980		9,995,899	
Total assets less current liabilities		<u>13,384,790</u>		<u>13,234,227</u>	
Capital and reserves					
Called up share capital	11	18,253,000		18,253,000	
Profit and loss account	12	<u>(4,868,210)</u>		<u>(5,018,773)</u>	
Shareholders' funds	13	<u>13,384,790</u>		<u>13,234,227</u>	

Approved by the Board and authorised for issue on 24/02/09



R F Mellors
Director

KANGOL LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The policies are unchanged from previous years.

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 accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover is generated from trade marks and licenses and is recognised on an accruals basis in accordance with the relevant agreements.

1.4 Trademarks

Trademarks are initially valued at cost.

Trademarks with a finite useful economic life are amortised in equal annual instalments.

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 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.

1.8 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 profit and loss account.

KANGOL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2008

2 Geographical market

	Turnover 2008 £	2007 £
UK	591,824	791,189
EU	-	311,000
Rest of World	597,405	806,000
	<u>1,189,229</u>	<u>1,908,189</u>

3 Operating profit/(loss)

	2008 £	2007 £
Operating profit/(loss) is stated after charging:		
Amortisation of intangible assets	343,422	170,438
Loss on foreign exchange transactions	73,410	36,483
Operating lease rentals	(10,526)	163,910
Auditor's remuneration	6,000	11,032
	<u></u>	<u></u>

During the course of the year an intercompany debtor of £nil (2007:£2,078,011) was written off.

4 Investment income

	2008 £	2007 £
Bank interest	<u>2,794</u>	<u>3,006</u>

5 Interest payable

	2008 £	2007 £
On bank loans and overdrafts	<u>-</u>	<u>4,944</u>

KANGOL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2008

6	Taxation	2008 £	2007 £
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	150,563	(2,108,130)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007 - 30.00%)	42,158	(632,439)
	Effects of:		
	Non deductible expenses	14,882	540,414
	Differences between capital allowances and depreciation	(27,150)	-
	Group relief	2,820	2,753
	Tax losses utilised	(84,101)	89,272
	UK transfer pricing adjustment for notional interest	(54)	-
	Other timing differences	(842)	-
	Profits charged at different tax rate	52,287	-
		(42,158)	632,439
	Current tax charge	-	-
	Unprovided deferred tax	£	£
	Tax losses	635,765	681,177

KANGOL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2008

7 Intangible fixed assets

	Trademarks £
Cost	
At 1 May 2007	3,408,766
Additions	38,904
	<hr/>
At 30 April 2008	3,447,670
	<hr/>
Amortisation	
At 1 May 2007	170,438
Charge for the year	343,422
	<hr/>
At 30 April 2008	513,860
	<hr/>
Net book value	
At 30 April 2008	2,933,810
	<hr/>
At 30 April 2007	3,238,328
	<hr/>

8 Debtors	2008 £	2007 £
Trade debtors	23,713	78,143
Amounts owed by parent and fellow subsidiary undertakings	9,896,690	9,895,491
Amounts owed by subsidiary undertakings	861,721	14,741
Corporation tax	482	306
Other debtors	41,967	4,996
Prepayments and accrued income	138,172	42,418
	<hr/>	<hr/>
	10,962,745	10,036,095
	<hr/>	<hr/>

9 Creditors: amounts falling due within one year	2008 £	2007 £
Bank loans and overdrafts	39	39
Trade creditors	477,554	261,429
Other creditors	-	5,804
Accruals and deferred income	43,137	108,532
	<hr/>	<hr/>
	520,730	375,804
	<hr/>	<hr/>

KANGOL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2008

10 Pension costs

The pension scheme closed on 31st March 2007.

Defined contribution

	2008 £	2007 £
Contributions payable by the company for the year	-	49,019

11 Share capital

	2008 £	2007 £
Authorised		
18,253,000 Ordinary shares of £1 each	18,253,000	18,253,000
Allotted, called up and fully paid		
18,253,000 Ordinary shares of £1 each	18,253,000	18,253,000

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2007	(5,018,773)
Profit for the year	150,563
Balance at 30 April 2008	(4,868,210)

13 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit/(Loss) for the financial year	150,563	(2,108,130)
Opening shareholders' funds	13,234,227	15,342,357
Closing shareholders' funds	13,384,790	13,234,227

KANGOL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2008

14 Directors' emoluments	2008 £	2007 £
Compensation for loss of office	-	116,495

15 Employees

Number of employees

Average number of full time equivalent employees during the period was:

	2008 Number	2007 Number
Administration and management	-	2
Retail	-	3
	-	5

Employment costs	2008 £	2007 £
Wages and salaries	11,052	464,558
Social security costs	2,560	32,537
Other pension costs	-	49,019
	13,612	546,114

16 Control

The ultimate controlling party is M J W Ashley, by virtue of his majority holding of the issued share capital of Sports Direct International plc, the ultimate parent company.

Sports Direct International plc is the largest and smallest company to consolidate these financial statements. Sports Direct International plc is a company registered in England and Wales. A copy of the group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

KANGOL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2008

17 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 ultimate parent company.

During the year the company was provided with legal services to the value of £194,651 (2007: £23,081) from Barlin Associates Limited.

J D W Barnes is a director of Barlin Associates Limited who holds office in certain subsidiaries of Sports Direct International plc, the ultimate parent company.