

Company Registered Number 3674789

UMBRO LTD

Report and Accounts 31 May 2012



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UMBRO LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2012

The Directors present their report and the audited financial statements of the Company for the year ended 31 May 2012

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company acted, and will continue to act, as a holding company. The Company has incurred amounts of inter-company interest on balances with other Umbro group companies.

During the year the Company's parent subscribed for 100 shares in the Company at a cost of £65,251,134 as part of a group reconstruction. The Company used the funds to settle its liabilities and subscribe for 1 new share in its subsidiary, Umbro Finance Limited, for a cost of £52,600,688. The group reconstruction resulted ultimately in the sale of Umbro International Limited (a subsidiary lower in the chain of group companies) to the Company's parent company and no value was attributed to the investment in subsidiary held by the Company.

TRADING RESULTS AND DIVIDEND

The loss for the year after taxation was £52,834,000 (2011: £108,932,000), including the impairment of the subsidiary investment of £52,601,000 (2011: 108,779,000).

The Directors do not propose payment of a dividend (2011: £nil), no dividends were paid in the period (2011: £nil).

DIRECTORS AND THEIR INTERESTS

The Directors who served on the Board since the date of last year's financial statements were as follows:

J Allaker	(resigned 18/07/2011)
G J Brown	(resigned 3/12/2012)
G W Hanson	
E Reynolds	(appointed 3/12/2012)

None of the Directors had any interest in the shares of the Company at 31 May 2012 or 31 May 2011. The Directors did not receive any remuneration in respect of their services to the company.

GOING CONCERN

After making appropriate enquiries, including a review of budgets and other plans, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

FINANCIAL RISK MANAGEMENT

IFRS 7 requires disclosure on financial risk management in financial statements and accordingly this is presented in the accounting policies. On this basis, no discussion of financial risk management is made in the Directors' Report.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

UMBRO LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2012 (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

The Directors confirm the following:

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BY ORDER OF THE BOARD



David Hare

Company Secretary

22 February 2013

Umbro House
Lakeside
Cheadle
Cheshire
United Kingdom
SK8 3GQ

Company Registered Number 3674789

UMBRO LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UMBRO LTD

We have audited the financial statements of Umbro Ltd for the year ended 31 May 2012 which comprise the Income Statement, the Statement of Financial Position, the Statement of comprehensive income, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 May 2012 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Martin Heath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

22 February 2013

UMBRO LTD

Income Statement
for the year ended 31 May 2012

	Note	Year ended 31 May 2012 £'000	Year ended 31 May 2011 £'000
Finance costs	3	(234)	(211)
Impairment of subsidiary investment	5	(52,601)	(108,779)
Loss before tax	2	(52,834)	(108,990)
Taxation	4	-	58
Loss for the year attributable to equity owners	8	(52,834)	(108,932)

The notes on pages 8 to 13 are an integral part of these financial statements
The results shown are in respect of continuing activities
There is no other comprehensive income/expense for the year

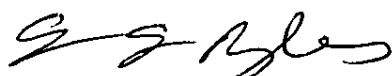
UMBRO LTD

Statement of Financial Position

as at 31 May 2012

	Note	31 May 2012 £'000	31 May 2011 £'000
Assets			
Non-current assets			
Investment in subsidiary	5	-	-
Liabilities			
Current liabilities			
Trade and other payables	6	-	(12,417)
Net current liabilities		-	(12,417)
Net liabilities		-	(12,417)
Equity			
Share capital	7	1,467	1,467
Share premium	8	155,184	89,933
Accumulated losses	8	(156,651)	(103,817)
Total (deficit)/equity	9	-	(12,417)

The notes on pages 8 to 13 are an integral part of these financial statements of UMBRO LTD (registered number 3674789). The financial statements on pages 4 to 13 were approved by the Directors on 22 February 2013 and were signed on its behalf by



E Reynolds
Director

UMBRO LTD

Statement of Other Comprehensive Income
for the year ended 31 May 2012

	Year ended 31 May 2012 £'000	Year ended 31 May 2011 £'000
Loss for the financial year	(52,834)	(108,932)
Total comprehensive expense for the financial year	(52,834)	(108,932)

The notes on pages 8 to 13 are an integral part of these financial statements

UMBRO LTD**Statement of Cash Flows**
for the year ended 31 May 2012

	Note	2012 £'000	2011 £'000
Cash flows used in operating activities	12	(12,650)	-
Cash flows from investing activities			
Payments to acquire investments		(52,601)	-
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		65,251	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		-	-

The notes on pages 8 to 13 are an integral part of these financial statements

UMBRO LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2012

1 STATEMENT OF ACCOUNTING POLICIES

a Basis of preparation

These financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRSs) and IFRIC interpretations and with those of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held for trading. A summary of the more important policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

New and amended standards adopted by the company are detailed below

- IAS 12 (amendment), 'Income taxes' on 'Deferred tax' (effective 1 January 2012)
- IAS 24 (revised), 'Related party disclosures' (effective 1 January 2011)
- IAS 27 (revised), 'Consolidated and separate financial statements' (effective for periods beginning 1 July 2009)

Standards, amendments and interpretations effective in 2010/11 but not relevant to the Company are detailed below

- IAS 39 (amendment), 'Financial instruments: Recognition and measurement' on 'Eligible hedged items' (effective 1 July 2009)
- IAS 32 (amendment), 'Financial instruments: Presentation on classification of rights issues' (effective 1 February 2010)
- IFRS 1 (revised), 'First time adoption' (effective for periods beginning 1 July 2009)
- IFRS 1 (amendment), additional exemptions (effective 1 January 2010)
- IFRS 2 (amendment), 'Share based payments – Group cash-settled share-based payment transactions' (effective 1 January 2010)
- IFRS 3 (revised), 'Business combinations' (effective for periods beginning 1 July 2009)
- IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement' (effective 1 January 2011)
- IFRIC 15, 'Agreements for construction of real estates' (effective for periods beginning 1 January 2009, EU endorsed for 1 January 2010)
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective for periods beginning 1 October 2008, EU endorsed for 1 July 2009)
- IFRIC 17, 'Distributions of non-cash assets to owners' (effective for periods beginning 1 July 2009)
- IFRIC 18, 'Transfer of assets from customers' (effective for periods beginning 31 October 2009)
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010)

Standards and amendments early adopted by the Company

- There are no standards and amendments early adopted by the Company

UMBRO LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2012 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

b Basis of preparation (Continued)

Standards, amendments and interpretations to existing standards that have been published and are mandatory for the Company's accounting periods beginning on or after 1 June 2012 or later periods, but the Company has not early adopted them are detailed below

- IAS 1 (amendment), 'Presentation of financial statements' on 'OCI' (effective 1 July 2012)
- IAS 19 (revised 2011), 'Employee benefits' (effective 1 January 2013)
- IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013)
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013)
- IFRS 1 (amendment), 'First time adoption' (effective 1 July 2010)
- IFRS 1 (amendment), 'Hyperinflation and fixed dates' (effective 1 July 2011)
- IFRS 7 (amendment), 'Financial instruments Disclosures' (effective 1 July 2011)
- IFRS 9, 'Financial instruments' (effective for periods beginning 1 January 2013)
- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013)
- IFRS 11, 'Joint arrangements' (effective 1 January 2013)
- IFRS 12, 'Disclosure of interests in other entities' (effective 1 January 2013)
- IFRS 13, 'Fair value measurement' (effective 1 January 2013)

It is not expected that these changes will have substantial impact on the Company's financial statements

c Consolidation

The results of the subsidiaries have not been consolidated into Umbro Limited, as permitted by S401 of the Companies Act 2006. The financial statements present information about the Company as an individual undertaking and not about its group.

d Investments

Investments are stated at cost less any provision for impairment.

The Company performs annual impairment tests on investments with indefinite lives in the fourth quarter of each fiscal year, or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit or intangible assets with an indefinite life below its carrying value.

The impairment analysis involves estimating the fair value of the reporting unit. Fair value is determined using an equal weighting of the income approach (discounted cash flow analysis) and the market approach (guideline public company analysis). Fair value is then compared to the carrying value of the investment (net assets) to determine if evidence of potential impairment exists.

e Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that, based on all available evidence, it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2012 (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

f Cash equivalents

The Company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents

g Dividends

Dividends are recognised in the financial statements in the year when they are paid

h Financial Risk Management

Interest rate Risk

The Company, headed up by Umbro Ltd, finances its operations through a mixture of retained profits and intra-group borrowings. The Company's operating activities are principally financed by floating rate borrowings. The Company currently does not hedge its interest rate risks, although this policy is reviewed regularly.

Liquidity Risk

Short-term flexibility is achieved by intra-group borrowings, which are sufficient to meet the Company's foreseeable working capital requirements.

Going Concern

After making appropriate enquiries, including a review of budgets and other plans, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company has no net assets and is now dormant, with the Directors expecting the company to remain in this status for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

i Company details

The Company is domiciled and incorporated in the United Kingdom under registration number 3674789. The registered office is Umbro House, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GQ.

2 LOSS BEFORE TAX

The auditors' remuneration is borne by Umbro International Limited, which does not recharge the cost. No Directors received any remuneration from the Company during the year ended 31 May 2012 (2011: £nil). There are no employees other than the Directors.

3 FINANCE COSTS

	2012 £'000	2011 £'000
Interest payable to group companies	234	211

UMBRO LTD

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2012 (continued)

4 TAXATION

The taxation credit comprises

	2012 £'000	2011 £'000
UK corporation tax on taxable losses for the year	-	(58)

The tax credit applicable on losses from ordinary activities is higher than (2011 higher than) the standard charge for corporation tax in the UK. The differences are explained below

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(52,834)	(108,990)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.67% (2011 27.66%)	(13,562)	(30,147)
Unrecognised deferred tax on losses carried forward	60	-
Effect of disallowable items	13,502	30,089
Tax credit on loss on ordinary activities	-	(58)

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the Company's loss chargeable to corporation tax for the prior accounting period was taxed at the effective rate of 27.66% and at 25.67% in the current accounting period. From 1 April 2013 the main rate will be reduced to 23%, with a further 2% reduction in 2014 so that from 1 April 2014 the rate will be 21%. These changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

Deferred tax assets in relation to trading losses of £224,000 (2011 £182,000) have not been recognised because it is not probable that future tax profits will be available against which the Company can utilise the benefits.

5. INVESTMENT IN SUBSIDIARY

	2012 £'000	2011 £'000
At 1 June	-	108,779
Additional capital injection to subsidiary	52,601	-
Provision for impairment	(52,601)	(108,779)
Net book value at 31 May	-	-

	Proportion of ordinary share capital held	Country of incorporation and operation	Nature of Business
Umbro Finance Limited	100 %	UK	Holding Company

On 31 May 2012 Umbro Limited purchased 1 new ordinary share of Umbro Finance limited for a consideration of £52,600,688, increasing the number of ordinary shares held to 35,000,102 (2011 35,000,101)

The investment in subsidiary has been written off as the group reconstruction resulted in the sale of subsidiary assets to other group companies with no proceeds from the sale realised by the Company.

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NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2012 (continued)

6 TRADE AND OTHER PAYABLES

	2012 £'000	2011 £'000
Amount owed to subsidiary undertaking	-	12,417

The amounts owed to subsidiary undertakings attract interest at 1.9% (2011 1.7%) and are repayable upon demand

7 SHARE CAPITAL

	2012		2011	
	Number '000	£'000	Number '000	£'000
Allotted, called up and fully paid.				
Ordinary shares of 1p each	146,741	1,467	146,741	1,467

On 31 May 2012 Umbro Limited issued 100 new ordinary shares to Nike Vapor Limited for a consideration of £65,251,134, increasing the number of ordinary shares to 146,740,983 (2011 146,740,883)

8 RESERVES

	2012		2011	
	Share Premium £'000	Accumulated losses £'000	Share Premium £'000	Accumulated losses £'000
At 1 June	89,933	(103,817)	89,933	5,115
Issue of new shares	65,251	-	-	-
Loss for the financial year	-	(52,834)	-	(108,932)
At 31 May	155,184	(156,651)	89,933	(103,817)

9 STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
At 1 June 2011	1,467	89,933	(103,817)	(12,417)
Issue of new shares	-	65,251	-	65,251
Loss for financial year	-	-	(52,834)	(52,834)
At 31 May 2012	1,467	155,184	(156,651)	-

10 ULTIMATE HOLDING COMPANY

The immediate parent company is Nike Vapor Limited, whose registered office is 1 Victory Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XF

The ultimate parent company of the smallest and largest group to consolidate these financial statements is Nike Inc whose financial statements may be obtained from 1 Bowerman Drive, Beaverton, Portland, Oregon, USA

UMBRO LTD**NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2012 (continued)****11 RELATED PARTY TRANSACTIONS**

Umbro Ltd accrued intercompany charges of £234,000 (2011 £211,000) payable to its affiliated company Umbro International Limited during the year. The balance owed to Umbro International Limited at 31 May 2012 was £nil (2011 £12,417,000)

12 CASH USED IN OPERATIONS**Reconciliation of loss before income tax to net cash flow from operations**

	2012	2011
	£'000	£'000
Loss before income tax	(52,834)	(108,990)
Adjustments for		
Provision for impairment (note 5)	52,601	108,779
Changes in working capital:		
(Decrease)/increase in trade and other payables	(12,417)	211
Net cash outflow from operations	(12,650)	-