



**DUNLOP SLAZENGER GROUP
HOLDINGS LIMITED**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 APRIL 2005

Company no 4061715

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS

For the period ended 30 APRIL 2005

Company Registration Number: 4061715

Registered Office: Grenville Court
Britwell Road
Burnham
Buckinghamshire
SL1 8DF

Directors: M Ashley
D Forsey
R Mellors
C Ronnie

Secretary: R Mellors

Bankers: Bank of Scotland
London Chief Office
38 Threadneedle Street
London
EC2P 2EH

Solicitors: Ashurst
Broadwalk House
Appold Street
London
EC2A 2HA

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS

For the period ended 30 APRIL 2005

INDEX	PAGE
Report of the directors	1 – 2
Report of the independent auditors	3 – 4
Principal accounting policies	5
Profit and loss account	6
<i>Balance sheet</i>	7
Notes to the financial statements	8 – 11

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

REPORT OF THE DIRECTORS

For the period ended 30 APRIL 2005

The directors present their report together with the audited financial statements for the period ended 30 April 2005.

Principal activity

The principal activity of the company is that of a holding company.

Results and dividends

The loss for the financial period after taxation was £nil (2003 £154,000). The Directors cannot recommend the payment of a dividend (2003: £nil).

Change of financial year end

The company changed its financial year end from 31 December to 30 April in order to coincide with the financial year end of its ultimate holding company. The financial statements in the current period cover a period of 16 months from 1 January 2004 to 30 April 2005 and, therefore, the figures presented in the income statement and the notes thereon may not be directly comparable with those for the prior year.

Future Prospects

On 28 January 2004, Dunlop Slazenger Group Holdings Limited and its subsidiaries ("the Group") were sold to Dunlop Slazenger 1902 Limited, a wholly owned subsidiary of Sports World International Limited.

The directors believe that the combination of the financial support from Sports World International Limited and the ongoing benefit from the reorganisation will provide the Group with a sound basis for improved financial performance in 2005/2006.

Directors

The directors who served during the year were as follows:

R B Brooke	(resigned : 29 May 2004 as company director and chairman)
A Marnoch	(resigned 2 August 2004)
P J Parnell	(resigned 17 August 2004)
A C Lovell	(resigned 30 September 2004)
C Ronnie	(appointed 3 March 2004)
M Ashley	(appointed 30 June 2004)
R F Mellors	(appointed 30 June 2004)
D Forsey	(appointed 30 June 2004)

On 30 June 2004, A J Ritchie resigned as company secretary and R Mellors was appointed as company secretary.

No director had any interest in the shares of the company.

No beneficial interests in the management loan stock of Dunlop Slazenger Group Limited or any shareholdings in Dunlop Slazenger Group Holdings Ltd were held by the directors in office as at 30 April 2005.

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

REPORT OF THE DIRECTORS

For the period ended 30 APRIL 2005

The directors who held office at 1 January 2004 held the following beneficial interest in the management loan stock:

Name of director	1 January 2004 £
Alan C Lovell	43,092

The directors who held office at 1 January 2004 held the following shareholdings in Dunlop Slazenger Group Holdings Ltd:-

		1 January 2004	
Type		No.	£
Robert B Brooke	Ordinary shares	180,000	18
Philip J Parnell	Ordinary shares	900,000	90
Alan C Lovell	Ordinary shares	480,000	48
Alasdair Marnoch	Ordinary shares	150,000	15

As at 2003's balance sheet date, the directors who held office and the group's bankers had entered into an executive incentivisation scheme, whereby bonus remuneration would become payable to these directors in future periods, subject to the repayment of all or a substantial part of the group's debt. This bonus was paid by Dunlop Slazenger Group Limited to these directors following the sale of the group to Sports World International Limited in January 2004.

Directors' responsibilities for the financial statements

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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

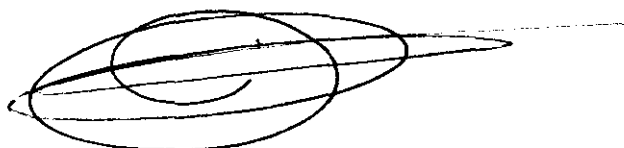
Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

D Forsey
Director

27 March 2006



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

We have audited the financial statements of Dunlop Slazenger Group Holdings Limited for the period ended 30 April 2005 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses and notes 1 to 12 on pages 5 to 11. 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 auditor's 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 directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED (CONTINUED)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2005 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

27 March 2006

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

GOING CONCERN

On 28 January 2004, the Group was sold to Dunlop Slazenger 1902 Limited, a subsidiary of Sports World International Limited. This resulted in £58 million of the Group's bank debt being subsequently extinguished and the Group being financed through Sports World International Limited.

Since the 2003 year end, Sports World International Limited has injected funds into the Group and has provided a letter of comfort on being able to support the ongoing funding needs of the Group. As a result, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

INVESTMENTS

Fixed asset investments are shown at cost less provisions for impairment.

TAXATION

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

CASH FLOW STATEMENT

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised) from the requirement to produce a cash flow statement as it is a wholly owned subsidiary undertaking of Sports World International Limited, which prepares consolidated financial statements which are publicly available and contain a cash flow statement.

FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences arising on foreign currency borrowings, to the extent that they hedge the company's investment in overseas operations, are dealt with through reserves.

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the period ended 30 APRIL 2005

	Note	16 months to 30 April 2005 £'000	12 months to 31 December 2003 £'000
Other operating income and charges	1	-	(154)
Operating profit/(loss) and profit/(loss) on ordinary activities before taxation		-	(154)
Tax on profit on ordinary activities	2	-	-
Profit/(loss) transferred to reserves	7	-	(154)

All of the activities of the company are classed as continuing.

There were no recognised gains or losses other than the result for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements.

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

BALANCE SHEET AT 30 APRIL 2005

	Note	At 30 April 2005 £'000	At 31 December 2003 £'000
Fixed assets			
Investments	4	<u>1</u>	<u>1</u>
		1	1
Creditors: amounts falling due after one year	5	<u>(154)</u>	<u>(154)</u>
Net liabilities		<u>(153)</u>	<u>(153)</u>
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account	7	(207,894)	(207,894)
Share premium account	7	<u>207,740</u>	<u>207,740</u>
Shareholders' deficit	8	<u>(153)</u>	<u>(153)</u>

The financial statements were approved on behalf of the Board of Directors on 27 March 2006.


R. Mellors - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 APRIL 2005

1 OTHER OPERATING INCOME AND CHARGES

Auditors' remuneration was borne by Dunlop Slazenger International Limited.

2 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2005	2003
	£'000	£'000

Analysis of charge for the period

The tax charge is based on the result for the period and comprises:

Current tax:

Corporation tax

-	-
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Factors affecting the tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 30% (2003: 30%)

The differences are explained as follows:

Profit/(loss) on ordinary activities before tax	-	(154)
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the United Kingdom of 30% (2003: 30%)	-	(46)

Effect of:

Profit not chargeable for tax purposes	-	46
Current tax charge for period	-	-

3 DIRECTORS' REMUNERATION

None of the directors received any emoluments in respect of their services to the company in either period.

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 APRIL 2005

4 FIXED ASSETS INVESTMENTS

	Shares in group undertakings £'000	Loans £'000	Total £'000
Cost			
At 1 January 2004	1	308	309
Exchange adjustment	-	-	-
Increase in funding loan	-	-	-
At 30 April 2005	<u>1</u>	<u>308</u>	<u>309</u>
Amounts written off			
At 1 January 2004	-	(308)	(308)
Exchange adjustment	-	-	-
At 30 April 2005	<u>-</u>	<u>(308)</u>	<u>(308)</u>
Net book amount at 30 April 2005	<u>1</u>	<u>-</u>	<u>1</u>
Net book amount at 31 December 2003	<u>1</u>	<u>-</u>	<u>1</u>

In the opinion of the directors, the value of the company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the Balance Sheet.

In accordance with section 250 of the Companies Act 1985, group financial statements have not been prepared because the company is a wholly owned subsidiary of Sports World International Limited, a company registered in England and Wales. These financial statements therefore present information about the company and not the group.

The company has investments in the following subsidiary undertakings. To avoid a statement of excessive length, details concerning investments which are not significant have been omitted.

Subsidiary undertakings	Country of incorporation or registration	Proportion (%) of ordinary shares held by	
		Company	Subsidiaries
Dunlop Slazenger Group Limited*	England and Wales	100	-
Dunlop Slazenger International Limited	England and Wales	-	100
Dunlop Slazenger Holdings Limited*	England and Wales	-	100
Dunlop Sport GmbH	Germany	-	100
Dunlop Sports Canada Inc.	Canada	-	100
Dunlop Slazenger Holdings Inc.*	USA	-	100
Dunlop Sports Group Americas Inc	USA	-	100
Dunlop Slazenger Manufacturing LLC	USA	-	100
Dunlop Slazenger International SA	France	-	100
Dunlop Slazenger (Hong Kong) Limited	Hong Kong	-	100
Dunlop Slazenger (Far East) Sdn Bhd	Malaysia	-	100
Dunlop Slazenger (Malaysia) Sdn Bhd	Malaysia	-	100
Dunlop Slazenger (Philippines) Inc.	Philippines	-	64
Dunlop Slazenger International Inc.	Philippines	-	100
PT Dunlop Slazenger Indonesia	Indonesia	-	80

The principal activity of the subsidiary undertakings marked * is that of a holding company. The principal activity of all of the other subsidiaries shown above is the manufacture and sale of sports equipment and apparel.

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 APRIL 2005

5 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2005 £'000	2003 £'000
Amounts owed to subsidiary undertaking	<u>154</u>	<u>154</u>

6 SHARE CAPITAL

	2005 Number	2005 £	2003 Number	2003 £
<i>Authorised</i>				
'A' ordinary shares of 0.01p each	7,000,000	700	7,000,000	700
Ordinary shares of 0.01p each	3,000,000	<u>300</u>	3,000,000	<u>300</u>
		<u>1,000</u>		<u>1,000</u>
<i>Allotted, called-up and fully paid</i>				
'A' ordinary shares of 0.01p each	3,010,000	301	3,010,000	301
Ordinary shares of 0.01p each	3,000,000	<u>300</u>	3,000,000	<u>300</u>
		<u>601</u>		<u>601</u>

Rights to dividends

Subject to any restrictions imposed by law, the company may pay to the holders of shares such dividends as the board shall recommend and the holders of a majority in nominal value of the shares entitled to attend and vote at general meetings of the company shall approve.

Priority and amounts receivable in the event of winding-up

In the event of winding up, the assets of the company, after the settlement of all other liabilities and the cost of winding up, shall be distributed between the 'A' ordinary shareholders and ordinary shareholders.

Voting rights

'A' ordinary shares and ordinary shares carry one vote each.

7 RESERVES

	Profit and loss account £'000	Share premium account £'000	Total £'000
At 1 January 2004	(207,894)	207,740	(154)
Result for the period	-	-	-
At 30 April 2005	<u>(207,894)</u>	<u>207,740</u>	<u>(154)</u>

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 APRIL 2005

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2005 £'000	2003 £'000
Profit/(loss) for the financial period	-	(154)
Shareholders' deficit at 1 January 2004	(153)	1
Shareholders' deficit at 30 April 2005	(153)	(153)

9 CAPITAL COMMITMENTS

The company had no capital commitments at 30 April 2005 and 31 December 2003.

10 CONTINGENT LIABILITIES

At 30 April 2005, the Company is subject to a cross guarantee.

There were no other contingent liabilities at 30 April 2005 and 31 December 2003.

11 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures" not to disclose transactions in the same group on the grounds that it is a wholly owned subsidiary undertaking of Sports World International Limited.

12 ULTIMATE PARENT UNDERTAKING

On 28 January 2004, Dunlop Slazenger Group Holdings Limited was acquired by Dunlop Slazenger 1902 Limited, a company registered in England and Wales. This company is controlled and owned by Sports World International Limited, a company registered in England and Wales. The ultimate controlling related party is Mr M Ashley.

The largest and smallest group of undertakings for which publicly available group accounts have been drawn up, is that headed by Sports World International Limited, a company incorporated in England and Wales.

Copies of the financial statements of Sports World International Limited, which include Dunlop Slazenger Group Holdings Limited, can be obtained Companies House.