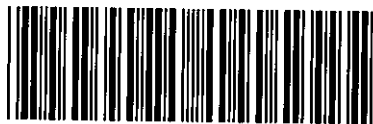


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**DUNLOP SLAZENGER GROUP
HOLDINGS LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2006

Company no 4061715

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 APRIL 2006

| | |
|------------------------------|--|
| Company Registration Number: | 4061715 |
| Registered Office: | Grenville Court Britwell Road Burnham Buckinghamshire SL1 8DF |
| Directors: | M Ashley D Forsey R Mellors |
| 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 year ended 30 APRIL 2006

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DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

REPORT OF THE DIRECTORS

For the year ended 30 APRIL 2006

The directors present their report together with the audited financial statements for the year ended 30 April 2006.

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 (2005: £nil). The Directors cannot recommend the payment of a dividend (2005: £nil).

Future Prospects

The directors believe that the combination of the financial support from the ultimate parent undertaking, Sports World International Limited, and the ongoing benefit from the reorganisation will provide the Group with a sound basis for improved financial performance in 2006/2007.

Business Review

A review of the individual businesses that form part of the Dunlop Slazenger Group Holdings Limited Group is provided in their individual reports.

Directors

The directors who served during the year were as follows:

C Ronnie (resigned 1 November 2006)
M Ashley
R F Mellors
D Forsey

Mr R Mellors was the company secretary during the year.

M J W Ashley holds 100% of the issued share capital of Sports World International Limited, the ultimate parent undertaking.

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

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

REPORT OF THE DIRECTORS

For the year ended 30 APRIL 2006

Directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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

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

6 February 2007

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 year ended 30 April 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet 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 (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, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also 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 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 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.

**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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of its result 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 year ended 30 April 2006.


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

LONDON

6 February 2007

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

Sports World International Limited, the ultimate parent undertaking has provided a letter of comfort on being able to support the ongoing funding needs of the Company. 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 year ended 30 APRIL 2006

| | Note | 12 months to 30 April 2006 £'000 | 16 months to 30 April 2005 £'000 |
|---|------|---|---|
| Other operating income and charges | 1 | - | - |
| Operating profit/(loss) and profit/(loss) on ordinary activities before taxation | | - | - |
| Tax on profit on ordinary activities | 2 | - | - |
| Profit/(loss) transferred to reserves | 7 | - | - |

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 year.

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

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

BALANCE SHEET AT 30 APRIL 2006

| | Note | At 30 April 2006 £'000 | At 30 April 2005 £'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 6 February 2007.

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 year ended 30 APRIL 2006

1 OTHER OPERATING INCOME AND CHARGES

Auditors' remuneration was borne by Dunlop Slazenger International Limited.

2 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
|--|---------------|---------------|

Analysis of charge for the period

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

Current tax:

Corporation tax

| | |
|---|---|
| - | - |
|---|---|

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% (2005: 30%)

The differences are explained as follows:

Profit/(loss) on ordinary activities before tax

| | |
|---|---|
| - | - |
|---|---|

Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005: 30%)

| | |
|---|---|
| - | - |
|---|---|

Effect of:

Profit not chargeable for tax purposes

| | |
|---|---|
| - | - |
|---|---|

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 year.

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 APRIL 2006

4 FIXED ASSETS INVESTMENTS

| | Shares in group undertakings £'000 | Loans £'000 | Total £'000 |
|----------------------------------|---|----------------|----------------|
| Cost | | | |
| At 1 May 2005 | 1 | 308 | 309 |
| Exchange adjustment | - | - | - |
| Increase in funding loan | - | - | - |
| At 30 April 2006 | <u>1</u> | <u>308</u> | <u>309</u> |
| Amounts written off | | | |
| At 1 May 2005 | - | (308) | (308) |
| Exchange adjustment | - | - | - |
| At 30 April 2006 | <u>-</u> | <u>(308)</u> | <u>(308)</u> |
| Net book amount at 30 April 2006 | <u>1</u> | <u>-</u> | <u>1</u> |
| Net book amount at 30 April 2005 | <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. Subsidiary undertakings marked ** have not traded during the year. 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 year ended 30 APRIL 2006

5 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Amounts owed to subsidiary undertaking | <u>154</u> | <u>154</u> |

6 SHARE CAPITAL

| | 2006 Number | 2006 £ | 2005 Number | 2005 £ |
|------------------------------------|----------------|--------------|----------------|--------------|
| Authorised | | | | |
| '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> |
| Allotted, called-up and fully paid | | | | |
| '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 May 2005 | (207,894) | 207,740 | (154) |
| Result for the period | - | - | - |
| At 30 April 2006 | <u>(207,894)</u> | <u>207,740</u> | <u>(154)</u> |

DUNLOP SLAZENGER GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 APRIL 2006

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Profit/(loss) for the financial period | - | - |
| Shareholders' deficit at 1 May 2005 | (153) | (153) |
| Shareholders' deficit at 30 April 2006 | (153) | (153) |

9 CAPITAL COMMITMENTS

The company had no capital commitments at 30 April 2006 (2005: £nil).

10 CONTINGENT LIABILITIES

At 30 April 2006, the Company is subject to a cross guarantee.

There were no other contingent liabilities at 30 April 2006 (2005: £nil).

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

Dunlop Slazenger Group Holdings Limited 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 from Companies House.