

Company Registration No. 4983573 (England and Wales)

SMITH AND BROOKS HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2007

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SMITH AND BROOKS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M J W Ashley R F Mellors M M Segalov
Secretary	R F Mellors
Company number	4983573
Registered office	Grenville Court, Bntwell Road Burnham Buckinghamshire SL1 8DF
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Business address	M & G House, 1a Lower Park Park Royal London W3 6DX

SMITH AND BROOKS HOLDINGS LIMITED

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SMITH AND BROOKS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2007

The directors present their report and financial statements for the year ended 30 April 2007

Principal activities and review of the business

The principal activity of the company continued to be that of an investment holding company

Results and dividends

The results for the year are set out on page 5

The company has declared an interim dividend of £200,000, no further dividends are recommended. Certain shareholders have waived their right to receive this dividend

Directors

The following directors have held office since 1 May 2006

M J W Ashley

H Flax

(Resigned 11 September 2007)

R F Mellors

M M Segalov

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Grant Thornton UK LLP be reappointed as auditors of the company will be put to the Annual General Meeting

SMITH AND BROOKS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SMITH AND BROOKS HOLDINGS LIMITED

We have audited the financial statements of Smith and Brooks Holdings Limited on pages 5 to 14 for the year ended 30 April 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 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 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.

SMITH AND BROOKS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2007

Directors' responsibilities

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 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 auditor

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.

On behalf of the board



R.F. Mellors

6/2/2008

SMITH AND BROOKS HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF SMITH AND BROOKS HOLDINGS 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 30 April 2007 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 year ended 30 April 2007

Grant Thornton UK LLP

**Grant Thornton UK LLP
Chartered Accountants
Registered Auditor**

London

Date *6 February 2008*

SMITH AND BROOKS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2007

	Notes	2007 £	2006 £
Administrative expenses		-	(15,071)
Operating loss	2	-	(15,071)
Investment income	3	400,000	-
Interest payable and similar charges	4	-	(5,442)
Profit/(loss) on ordinary activities before taxation		400,000	(20,513)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the year	11	400,000	(20,513)

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

SMITH AND BROOKS HOLDINGS LIMITED

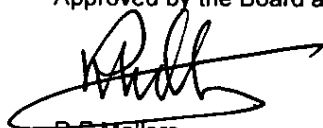
BALANCE SHEET

AS AT 30 APRIL 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Investments	7		2,890,197		2,862,091
Current assets					
Debtors	8	624,051		452,157	
Creditors: amounts falling due within one year	9	(3,317,625)		(3,317,625)	
Net current liabilities			(2,693,574)		(2,865,468)
Total assets less current liabilities			196,623		(3,377)
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account	11		195,623		(4,377)
Shareholders' funds	12		196,623		(3,377)

Approved by the Board and authorised for issue on

6/2/2008



R F Mellors
Director

SMITH AND BROOKS HOLDINGS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2007

	2007 £	2006 £
Net cash outflow from operating activities	-	-
Returns on Investments and servicing of finance	-	-
Net cash Inflow for capital expenditure	-	-
Net cash outflow for acquisitions and disposals	-	-
Management of liquid resources	-	-
Financing	-	-
	<hr/>	<hr/>
Movement in cash in the year	-	-
	<hr/>	<hr/>

SMITH AND BROOKS HOLDINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2007

1	Reconciliation of operating loss to net cash outflow from operating activities	2007	2006
		£	£
	Operating loss	-	(15,071)
	Decrease in debtors	200,000	440,071
	Increase/(decrease) in creditors within one year	(200,000)	(425,000)
		<hr/>	<hr/>
	Net cash outflow from operating activities	-	-
		<hr/>	<hr/>

SMITH AND BROOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007

1 Accounting policies

1.1 Accounting convention

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

The financial statements are prepared on a going concern basis because the company's working capital is financed by Sports Direct International plc. Sports Direct International plc have agreed not to withdraw finance for the foreseeable future.

The company does not maintain any bank accounts and as a consequence no cash flows are presented within the cash flow statement. Transactions are funded by related parties as disclosed in the notes to the financial statements.

1.2 Changes in accounting policies

The financial statements are prepared on a going concern basis because the company's working capital is financed by Sports World International Limited. Sports World International Limited have agreed not to withdraw finance for the foreseeable future.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.4 Investments

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

1.5 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 had not been discounted.

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Sports Direct International plc, a company incorporated in England, and is included in the consolidated accounts of that company.

2 Operating loss

Auditors remuneration is borne by Smith & Brooks Limited.

SMITH AND BROOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2007

3	Investment income	2007	2006
		£	£
	Income from shares in group undertakings	400,000	-
		<u> </u>	<u> </u>
	During the year the company received a dividend of £400,000 (2006 - £nil) from its subsidiary		
4	Interest payable	2007	2006
		£	£
	On bank loans and overdrafts	-	2,483
	Other interest	-	2,959
		<u> </u>	<u> </u>
		-	5,442
		<u> </u>	<u> </u>
5	Taxation	2007	2006
		£	£
	Current tax charge	-	-
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	400,000	(20,513)
		<u> </u>	<u> </u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	120,000	(6,154)
		<u> </u>	<u> </u>
	Effects of		
	Group relief	55,546	-
	Transfer pricing adjustment for notional interest	(55,546)	-
	Non taxable income	(120,000)	-
	Unutilised tax losses carried forward	-	6,154
		<u> </u>	<u> </u>
		(120,000)	6,154
		<u> </u>	<u> </u>
	Current tax charge	-	-
		<u> </u>	<u> </u>
	The company has estimated losses of £ 35,134 (2006 £ 35,134) available for carry forward against future trading profits		
	Deferred tax (unprovided)	2007	2006
		£	£
	Tax losses	8,694	8,694
		<u> </u>	<u> </u>

SMITH AND BROOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2007

6	Dividends	2007 £	2006 £
	Ordinary final proposed	200,000	-

During the year the company declared a dividend of £200 per share totalling £200,000 (2006 - £nil)
Certain shareholders have waived their right to receive this dividend

7 Fixed asset investments

	Shares in group undertakings and participating interests £
At 1 May 2006	2,862,091
Additions	28,106
Net book value	
At 30 April 2007	2,890,197

Holdings of more than 20%

The company had 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 registration or incorporation	Proportion (%) of ordinary shares held by	
		Company	Subsidiaries
Smith and Brooks Group Limited*	England and Wales	100 00	0 00
Smith & Brooks Limited	England and Wales	0 00	100 00
Baseridge Limited	Hong Kong	0 00	100 00
Eastchance Limited	Hong Kong	0 00	100 00

The principal activity of the subsidiary undertaking marked * is that of a holding company. The principal activity of all the other subsidiaries shown above is the wholesale of clothing

SMITH AND BROOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2007

8 Debtors	2007 £	2006 £
Amounts owed by subsidiary undertakings	623,851	423,851
Other debtors	200	28,306
	<u>624,051</u>	<u>452,157</u>
9 Creditors, amounts falling due within one year	2007 £	2006 £
Amounts owed to parent and fellow subsidiary undertakings	3,167,625	3,167,625
Amounts owed to subsidiary undertakings	150,000	150,000
	<u>3,317,625</u>	<u>3,317,625</u>
10 Share capital	2007 £	2006 £
Authorised		
510 Ordinary A shares of £1 each	510	510
200 Ordinary B shares of £1 each	200	200
290 Ordinary C shares of £1 each	290	290
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
510 Ordinary A shares of £1 each	510	510
200 Ordinary B shares of £1 each	200	200
290 Ordinary C shares of £1 each	290	290
	<u>1,000</u>	<u>1,000</u>

All shares rank *pari passu* except for the right to receive dividends separately

SMITH AND BROOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2007

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 May 2006	(4,377)
Profit for the year	400,000
Dividends paid	(200,000)
Balance at 30 April 2007	<u>195,623</u>

12 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit/(Loss) for the financial year	400,000	(20,513)
Dividends	(200,000)	-
Net addition to/(depletion in) shareholders' funds	<u>200,000</u>	<u>(20,513)</u>
Opening shareholders' funds	(3,377)	17,136
Closing shareholders' funds	<u>196,623</u>	<u>(3,377)</u>

13 Transactions with directors

The following directors had interest free loans during the year The movement on these loans are as follows

	Amount outstanding		Maximum
	2007	2006	in year
	£	£	£
M M Segalov	-	28,106	28,106

14 Employees

Number of employees

There were no employees during the year apart from the directors

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

SMITH AND BROOKS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2007

15 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.

16 Related party transactions

At the year end included within debtors is £223,851 (2006 £423,851) which was owed by Smith & Brooks Limited and £400,000 (2006 nil) which was owed by Smith and Brook Group Limited, a subsidiary undertaking.

At the year end included in creditors is £3,167,625 (2006 £3,167,625) which was owed to Sports World International Limited, a company under common control, and £150,000 (2006 £150,000) which was owed to Smith and Brooks Group Limited, a subsidiary undertaking.