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CHAMPION PRODUCTS EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2001

Certified to be a true copy of the balance sheet, profit and loss account, directors' report and auditor's report as laid before the Annual General Meeting held on the 21st day of September 2001.

Dated 21 day of ~~SEPTEMBER~~ 2001



Director -

MATSACK TRUST LIMITED



PER SECRETARY

Secretary -



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COMPANIES HOUSE

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Champion Products Europe Limited
(formerly known as Emjoan Limited)

Directors' Report and Financial Statements

Period ended 30 April 2001

Champion Products Europe Limited
(formerly known as Emjoan Limited)

Directors' Report and Financial Statements 2001

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Champion Products Europe Limited (formerly known as Emjoan Limited)

DIRECTORS AND OTHER INFORMATION**Board of Directors at 30 April 2001**

Bernd Millien (Managing Director)
Gigetto Furlotti
Sauro Mambrini
Enrico Veretti

Solicitors

Matheson Ormsby Prentice
30 Herbert Street
Dublin 2
Ireland

Secretary and Registered Office

Matsack Trust Limited
30 Herbert Street
Dublin 2
Ireland

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Wilton Place
Dublin 2
Ireland

Champion Products Europe Limited (formerly known as Emjoan Limited)**DIRECTORS' REPORT**

The company was incorporated on 7 February 2000. On 17 April 2001, the company changed its name from Emjoan Limited to Champion Products Europe Limited. The directors present herewith the audited financial statements of the company for the period ended 30 April 2001.

Statement of directors' responsibilities

Irish company law requires the directors to prepare financial statements for each financial period that 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 the 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;
- 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 1999. 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.

Principal activities

The company was dormant until 30 April 2001.

Subsequent to the year end on 3 May 2001 the company began trading. The principal activity of the company thereafter is the developing and exploiting of the "Champion" brand and related trademarks, logos, designs, copyrights and intellectual property rights. The company also acts as wholesale and retail dealers in, and agents for sports goods, clothing and merchandises.

Results

The company was dormant for the whole of the period. Accordingly it has not traded during the period and has not earned any profits nor has it incurred any losses.

Directors

The directors of the company at 30 April 2001 were as follows:

Gigetto Furlotti (appointed 12 April 2001)
Sauro Marbrini (appointed 12 April 2001)
Bernd Millien (appointed 12 April 2001)
Enrico Vernetti (appointed 12 April 2001)

During the year the following directors retired from office:

Ms Julie Baritt (resigned 29 September 2000)
Lucy Brock (resigned 29 September 2000)
John Gulliver (resigned 12 April 2001)
John Ryan (resigned 12 April 2001)

Champion Products Europe Limited (formerly known as Emjoan Limited)**DIRECTORS' REPORT - continued****Directors interest in shares of the company**

The directors had no beneficial interests in the share capital of the company at 30 April 2001 or at any time in the period ended on that date.

The directors had the following beneficial interests in the share capital of Champion Europe S.P.A., the ultimate parent, at 30 April 2001:

	% Shareholding
Bernd Millien	-
Sauro Mambrini	59.5%
Gigetto Furlotti	3%
Enrico Verneti	-

The directors had no beneficial interests in the share capital of any other group company at 30 April 2001, or at any time in the period ended on that date.

Transactions involving directors and related parties

There were no contracts or arrangements in relation to the business of the company in which the directors had any interest as defined within the Companies Act 1990, at any time during the Period ended 30 April 2001. There were no related party transactions in the period-ended 30 April 2001.


Subsequent events

On 3 May 2001, the Company entered into a transfer agreement with Sara Lee International BV. This agreement referred to certain international registrations in the name of Sara Lee International BV and constituted an agreement on the part of Sara Lee International BV to transfer those registrations to the Company and/or its nominee.

A trademark transfer agreement was entered into between Champion Products and the Company on 3 May 2001. On the same date assignment agreements in respect of the trademarks covered by the transfer agreement were executed between Champion Products Inc and the Company.

On 3 May 2001, the Company entered into an asset purchase agreement with Champion UK Limited to acquire the Champion business in the UK.

The Company also established a branch in the UK which began trading on 3 May 2001.

 In July 2001, the Company established Champion International Trademarks Sarl, a Swiss Company, which is a wholly owned subsidiary of the Company. Pursuant to the trademark transfer agreement between Sara Lee International BV and the Company of 3 May 2001, Sara Lee International BV, at the direction of the Company, transferred the international registrations to Champion International Trademarks Sarl.

Auditors

The auditors, PricewaterhouseCoopers, will be re-appointed in accordance with Section 160 (2) of the Companies Act, 1963.

On behalf of the board

Enrico Verneti

Bernd Millien

20 September 2001

PRICEWATERHOUSECOOPERS

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Wilton Place
Dublin 2
Telephone +353 (0) 1 678 9999
Facsimile +353 (0) 1 662 6200
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Internet www.pwcglobal.com/ie

AUDITORS' REPORT: To the shareholders of Champion Products Europe Limited

We have audited the financial statements on pages 6 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Directors' Report and, as described on pages 3 and 4, for preparing the financial statements in accordance with Accounting Standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and our profession's ethical guidance.

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 Irish statute comprising the Companies Acts, 1963 to 1999. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to hold an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information required by law regarding directors' remuneration or directors' transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 2001 and have been properly prepared in accordance with the Companies Acts, 1963 to 1999.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 3 and 4 are consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 7, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 30 April 2001 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

20 September 2001

Chartered Accountants

Champion Products Europe Limited (formerly know as Emjoan Limited)

PROFIT AND LOSS ACCOUNT

Period ended 30 April 2001

The company did not trade during the period and received no income and incurred no expenditure. Consequently, during the period the company made neither a profit nor a loss.

On behalf of the board

Enrico Verneti

Bernd Millien

Champion Products Europe Limited (formerly known as Emjoan Limited)**BALANCE SHEET**
30 April 2001

	Notes	2001 €
Current assets		
Cash at Bank		<u>1,000,000</u>
Capital and reserves		
Called up share capital	1	<u>1,000,000</u>
Equity shareholders' funds		<u>1,000,000</u>

On behalf of the board

Enrico Verneti

Bernd Millicien

Champion Products Europe Limited (formerly known as Emjoan Limited)

ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention. The currency used in these financial statements is the Euro, which is denoted by the symbol "€".

Champion Products Europe Limited (formerly known as Emjoan Limited)

NOTES TO THE FINANCIAL STATEMENTS

1 Called up share capital	2001 €
Authorized: 15,000,000 ordinary shares of €1 each	 <u>15,000,000</u>
Allotted: 1,000,000 ordinary shares of €1 each	 <u>1,000,000</u>

On 15 March 2001, Champion Europe S.P.A., the beneficial owner of these shares, entered into a financing agreement whereby a deed of charge was placed over these shares.

2 Holding company and ultimate controlling party

The directors regard Champion Europe S.P.A., a company incorporated in Italy as its holding company and ultimate controlling party.

3 Approval of financial statements

The financial statements were approved by the board of directors on 20 September 2001.